PARIS, TUESDAY, OCTOBER 20, 1987

ESTABLISHED 1887

# New York Stocks Take Historic One-Day Plunge; Dow's 508-Point Decline Surpasses Loss in 1929

## Iran Site in Gulf Destroyed by U.S.

and Molly Moore Washington Post Service WASHINGTON - Four U.S.

arships, retaliating Monday for st week's missile attack on a U.S.-agged oil tanker, destroyed an anian oil-drilling platform that, the United States charged, had en used to launch military operaons in the Gulf.
U.S. military forces also boarded

nearby platform, after Iranian assumed had left it, and destroyed dar and communications gear. A Defense Department spokes-an, Fred S. Hoffman, said no mericans had been injured in the tacks, which took place in the intral Gulf. He said a search of arby waters had not turned up

ly dead or injured Iranians. However, the Iranian news as

He said in a written statement at the main platform had been moished with about 1,000 5-

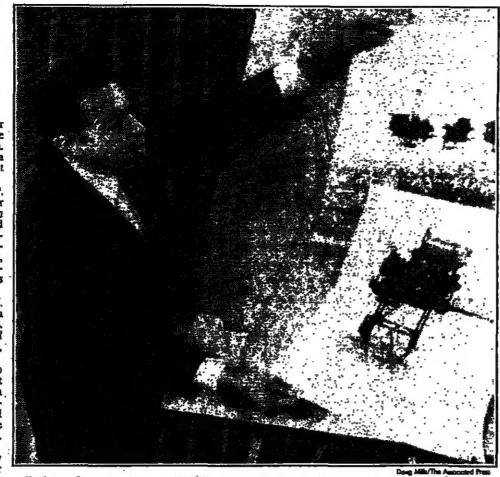
American destroyers, the Kidd, the Hoel, the Young and the Leftwich. nonbelligerent shipping."

Secretary of State George P. Shultz, who was in London for talks with King Hussein of Jordan on Middle East peace efforts, said the United States had warned Israel, Saudi Arabia, Egypt, and mem-bers of the UN Security Council, including Moscow, of its plans either in advance of the attacks or as they began.

Defense Secretary Caspar W. Weinberger said in Washington that the platform destroyed by U.S. drilling since November 1986,

when it was attacked by Iraq.
"This platform had been used to IRNA said that there had been mount radar surveillance, to report on convoy movements, to launch buld protect "our ships and our Gulf waters and last week, to fire at U.S. military heliconters." Weinberger said.
"We consider this matter as now

closed. We do not seek any further



Defense Secretary Caspar W. Weinberger displaying the target shelled by U.S. ships.

By Clyde Haberman

New York Times Service

TOKYO - Noboru Takeshita, a

Mr. Takeshita, a 63-year-old po-

lysts said that the dollar, interest rates and doubts about the ability gether to solve their economic problems had clearly been an over-

The political, economic and so-cial implications of Monday's debacle on Wall Street seemed farreaching. For the past five years,

ald Reagan's spokesman said Mr. Reagan had "watched today with stock market," and had directed Federal Reserve, the Securities and Exchange Commission, the New York Stock Exchange and other

with Baker, Bonn Officials ten statement added, "confirm our view that the underlying economy remains sound."

After the markets closed, the Reaffirm Market Pact NYSE's president, John Phelan, said. "It was the worst market I've ever seen or ever hone to see."

Asked by reporters about the possibility of a halt in trading, Mr. Phelan replied that the consensus during the day was to let the market work itself out. He said the market would open on schedule

Stock Exchange officials described the 508.32 figure as official but preliminary. Minor adjustments in the Dow are customary in the hours following the close to allow for computer refinements.

In London, the Financial Times 100-share index fell 249.60 points, to 2.052.30, continuing a slide that began in Asia. In Paris, prices on the Bourse fell 9.7 percent. Tokyo's Nikkei Stock average of 225 selected issues dropped by 620.18 points to 25,746.56. In Hong Kong, the Hang Seng index plunged 420.81 points to 3,362.39. And in Toronto,

9.13 percent on the day.

some resiliency after the 10 percent drop in the Dow last week.

But on Monday, the loss of con- recent rise in West German rates fidence that seized the market last See MARKETS, Page 17

The Dow's Descent

The Tumble in World Markets

WASHINGTON - The U.S.

Treasury secretary, James A. Baker

3d, met West Germany's two top

financial officials on Monday in a

the Treasury Department said.

(Page 11)

News of the meeting helped U.S.

Just hours before the announcement, the Bundesbank, in what

dealers said was a response to U.S.

er than prevailing interest rates.

The U.S. had argued that the

was undercutting the Louvre ac-

2,052.30

1,744.10

3,382,39

Dow Jones industrial average daily closing

NEW YORK — Unabated selling swept U.S. corporations, closed at 1.738.41, more Wall Street on Monday in a plunge that than erasing all the gains of 1987. Volume, surpassed the great crash of 1929. The Dow at 604 million shares traded, was nearly Jones industrial average fell 508.32 points, double the previous record of 338 million or 22.6 percent, in the heaviest trading ever set last Friday. Only 13 NYSE-listed stocks seen on the New York Stock Exchange.

2,200

2,120

2,080

1,960

1,920

1,840 1,800

London

Pasts-

Frankfurt

1,760 Sept. 1987

rose in price while 1.577 fell on a tape that The index, an average of 30 blue-chip ran more than an hour late at the close.

Other world stock markets sufered sharp falls as well. There were ecord losses in London, Paris. Hong Kong and Toronto.
"If someone was betting on an

October massacre, they sure got one," said Peter Furniss of Smith Barney, Harris Upham.

Co. said, "It is out-and-out panic. I have never seen anything even close to this." Another trader said, "It was pure chaos." Shares lost an estimated \$560 billion in the self-off, raising to

more than \$1 trillion the total market value wiped off the books since the decline began last week. The Dow's percentage loss was

of Oct. 28 and 29 in 1929, when there were successive one-day losses of 12.9 percent and 11.7 per-cent that heralded the Great De-

By comparison, Monday's fall on the Dow average far surpassed the index's total closing value of 260.64 on "Black Thursday," Oct.

company strategies, corporate and personal financial decisions and the lifestyles of the wealthy and not-so-wealthy have been premised largely on high stock prices. In Washington, President Ron-

Tuesday morning.

he 300 composite index fell about won Monday was the party presidency, a position that he will for-13 percent on the day.

Many analysts had hoped that rates, repeatedly added liquidity to the stock market would display the domestic money market at lowmally inherit at a party convention to be held Oct. 31, a day after Mr. the stock market would display

West Germany and Japan — jack up interest rates. Analysts said Mr. Baker was hinting that U.S. aumeeting apparently intended to setthe the public differences over eco-nomic policy that have contributed thorities would let the dollar fall to shaking world markets. Mr. Baker met with Finance Minister Gerhard Stoltenberg and The Treasury secretary even said Karl Otto Pohl, president of the that the higher German rates had West German central bank, in West Germany and agreed to sup-

been contributing to the plunging stock prices on Wall Street. port the Louvre accord, in which But on Monday, the Bundesbank the seven leading industrial democracies agreed to stablize currencies,

that the accord was still intact. But he said Washington would not

stand by and watch countries with

trade surpluses - a reference to

249.60

132.50

420.81

10.84

9 70

7.06

11.12

disbursed government funds via state-owned banks during normal early trading at 3.80 percent, five basis points, or hundredths of a bond prices soar more than 4 percentage point, below the 3.85 points and buoved the dollar in percent allocation rate on its last after-hours trading in New York. securities repurchase pact last

It returned later in the morning offering funds at 3.75 and 3.70 percent. Until late September, Bundesbank was injecting funds on its security repurchase pacts at a fixed rate of 3.60 percent.

The disagreement between major allies over the level of rates had focused attention on the durability of the Louvre accord and the vola-

## the first week of November. He will be Japan's 17th national leader since the end of World War II, and Analysts Caution on Parallels to '29

onal Herald Tribune PARIS - Despite its fearsome States, which are strained by trade world stock markets Monday was

many analysts cautioned. For these analysts, the only surprise in Monday's worldwide rout

The spark was a loss of confidence, a fear that the international economy had lost its anchor of exchange-rate stability and that gov-

Midday news that the United States had attacked Iranian offshore oil wells further roiled mar-

Asia and Western Europe before excess consumer demand from the returning to North America on wealth created by the high stock

has the potential to spread wider sudden sharp decline in demand havoc, especially if a major finan-

cial institution were to collapse, an-

They dismissed allusions to 1929, noting that the crash then followed a period of excessive economic boom that is nowhere appar-

The drop in stock prices "is unernments were adrift in their efforts
to sustain world economic growth
the real economy, said Alexandre

> banks. The collapse in share values does

ments, a clearinghouse for central

prices existing before the crash. Thus, he saw no danger of a

that could cause industry to slow down suddenly.

The other way the turmoil in financial markets could cause wider harm is by blocking industry's ability to raise money to finance investments. But Mr. Lamfalussy said that business investment was not expanding dramatically even when the markets were in good shape. Thus, he said, there is no reason to expect any immediate collapse in investments already

Hans Baer, the head of Bank Julius Baer & Co. in Zurich, said, "Markets will be unsettled for a

But, he said. "there comes a time when buyers move back in" to buy

## Tran Vows 'Crushing Blow' in Retaliation The United States, he said, was become known in Dubai, Tehran natural consequence of America's ow embroiled in what he de-

PORTIGE By John Kifner
New York Times Service
LAY: NCSSIDUBAL United Arab Emirates. FLOM 10/00 Iran vowed Monday to deliver a

The United States has entered a supplied out safety, "said Kamal Kharting out safety," said Kamal Kharting Office

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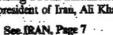
scribed as a "full-fledged war" with

The official's remarks, released the attack" on Friday on a C Monday night by the official press flag tanker in Kuwaiti waters. The tanker, the Sea Isle City, reaction to the raid on the complex, which the United States said was used for radar and speedboat basesto prey on shipping in the Gulf.

Mr. Kharrazi saying that 'we have Iranian spokesman said. He not accepted any responsibility for warned that the United States

The tanker, the Sea Isle City, was hit by a Silkworn missile. The American captain of the ship was Warning From Khamenet injured.
Whatever has happened is the Shortly before the U.S. assault ...

The president of Iran, Ali Kha-





Noboru Takeshita, named to succeed Yasuhiro Nakasone as president of Japan's Liberal Democratic Party, paints an eye of a Daruma doll to celebrate the fulfillment of a wish.

## India Reports a Troop Breakthrough Into Tamils' Main City in Sri Lanka

By Barbara Crossette New York Times Service

COLOMBO, Sri Lanka - India said Monday night that its troops had broken into the center of the northern Sri Lankan city of Jaffna after a 10-day military campaign against an ethnic Tamil guerrilla army it had pledged to disarm. There was no independent con-

firmation of the report, which was issued in New Deihi. An official Indian government spokesman in Tamil Nadu said Indian troops were continuing to advance on Jaffna, but he said nothing about their being in the center of the city.

Another Indian official in Tamil Nadu, elaborating on the report
An Indian government spokesman
from New Delhi, said Indian commandos based in Jaffna Fort had
but Jaffna residents said the town the city along a coastal road. The None of the reports could be campaign, which began on Oct. 9. verified because Indian troops have may have already cost 700 civilian prohibited journalists from visiting

lives, local government administra- their areas of operation. On Montors said in a message Monday.

At the same time, Indian forces have stepped up operations around the eastern ports of Trincomalee and Batticaloa. Some 300 to 400 Indian troops came ashore Sunday night on Kallaidy Beach at Batticaloa, residents of the area said Monday in telephone interviews.

Police officers in the area told Renters that Tamil militants, trying to blow up an Indian convoy at Kalkudah, north of Batticaloa, had instead destroyed a civilian bus, killing 40 people.

Fighting is still apparently going

on in the city of Jalina, the histori-cal center of Sri Lanka's Tamils. linked up, with a column of troops was in a state of near collapse, with advancing from the northwest of casualties high and damage severe.

day, the daily news briefing at the Indian High Commission in Colombo was canceled without expla-

Fourteen prominent civil servants in Jaffna sent a message to the Sri Lankan president, Junius R. Jayawardene, on Monday saying that the situation was worse and asking him to intervene with the Indians on behalf of Jaffna's

The letter, a copy of which was sent to Virakesari, the Colombobased independent Tamil-language newspaper, said there had been "indescribable bombing and shell-ing and aerial strafing" in which "almost 700 innocent civilians have

Some of these local administrators had been tacit supporters of the guerrillas of the Liberation Tigers of Tamil Eelam; most had been critical of the Sri Lankan gov-See JAFFNA, Page 8

Nakasone's term ends.

As a practical matter, whoever

heads the party is certain to be

named prime minister by the par-liament, and Mr. Takeshita is ex-

ected to form his government in

work to continue Mr. Nakasone's policies. He called for efforts to improve relations with the United problems, Reuters reported from

for decentralization and a tax on marked the beginning of of an inland transactions to stem soaring ternational economic depression, property prices. On the issue of Japanese import

We will work to increase imports, providing other nations with information on the characteristics of the Japanese market." The decision on the leadership

was announced after Mr. Nakasone called Mr. Takeshita and his two rivals, Finance Minister Kiichi mer foreign minister, into his office at midnight to tell them the result.

#### ■ Takeshita's Stance In a policy statement last month, Mr. Takeshita said that he would

On domestic issues, he has called

restrictions, Mr. Takeshita said:

Miyazawa and Shintaro Abe. a for-Both Mr. Abe and Mr. Miyazawa said on emerging from See JAPAN, Page 8

#### But Depth of the Panic Sell-Off Caught Them by Surprise York on Friday and then spread to the world was not experiencing any By Carl Gewirtz

dimensions, the violent selloff on an overdue correction that should not be compared too closely with the October 1929 crash that

was its timing, speed and depth.

The fear, the analysts said, appeared to be feeding on itself. The represent a loss of wealth for conbig stock sell-off began in New sumers. But, Mr. Lamfalussy said.

Although the rout in stock prices

## **NEWS ANALYSIS**

alysts are not yet concerned about

Lamfalussy, general manager of the Bank for International Settle-

See ASSESS, Page 17

Birth to 14.00 A. .. Cattery

324 B. 2i.t

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time to the Minnesota
Twins, 8-4, in the World
Series. Sports, Page 19. GENERAL NEWS

| B Sweden's justice minister religions over the escape of a consisted spy.

| B Many | Page 8.

South Korea's news agency redicted the current account applies would grow to nearly 10 billion this year. Page 11.

Special Report

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Inichia Page 8.

Many Asian and Pacific nations are confronting a surge of the tension.

Page 5.

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Mitterrand, in Bonn, Urges **Europe of Common Culture** 

together for a technological leap centers had an important role to "For centuries, the nations of through antagonism, and they

themselves were often created through violence," Mr. Mitterrand said in a speech at the start of a four-day state visit. Today, now that the desire to of dialogue, we must evolve and change our mentality. We will

build a Europe of common culture by protecting our own identities."

Mr. Mitterrand's talks were expected to focus on East-West relations, preparations for a forthcoming European Community meeting in Copenhagen, and bilateral is-

He placed particular emphasis on the relationship between France

on the relationship between France and West Germany, which he said was "indispensable" for the construction of Europe.

Cooperation would have been unthinkable at the end of World War II, when France was still recovering from the Nazi occupation, he said, but it has since become almost routine.

Technical collaboration is now crucial, he said.

Mozambique Honors Machel

MAPUTO, Mozambique -Hundreds of people laid flowers Monday at the grave of Samora Machel and some of those who died with the former president in a 158. Most newspaper commenta-plane crash in South Africa a year tors agreed that the vote once more

"The future of our two nations BONN - President François depends on our will to keep our-Mitterrand of France called Mon- selves jointly at the forefront of day for the creation of a "Europe of technological progress," he said, common culture" in which a shared adding that West German and identity would bind traditional foes French universities and research

French officials said that Mr. Europe reinforced their identity Mitterrand, who regularly travels to West Germany for working visits with Chancellor Helmut Kohl. had earlier felt that a formal state visit was unnecessary. But he later decided that he wanted to round minate has given way to a spirit off his presidency with an official tour of West Germany, they said.

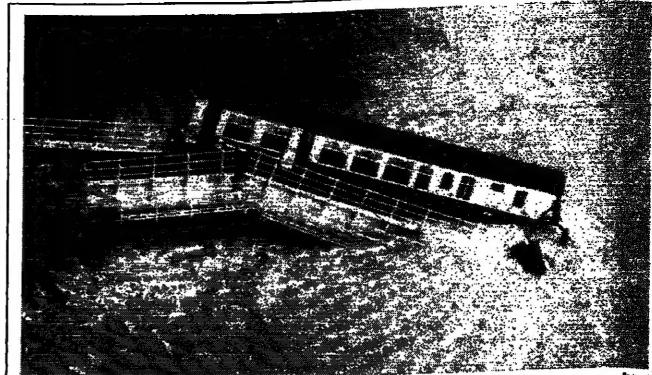
> Mr. Mitterrand's visit is part of regular high-level contacts that began during joint Franco-German military maneuvers in September and will culminate in January in 25th-anniversary celebrations of the Elysée friendship treaty be-tween Bonn and Paris, the founding members of the European

After the speech, Mr. Mitterrand held talks with his host, President Richard von Weizsäcker, on security and defense issues, a presidential

On Tuesday, he will underscore the importance of the Franco-German friendship treaty with a visit to the grave of Konrad Adenaucz, the chancellor who agreed on the pact with de Gaulle.

Mr. Mitterrand was also scheduled to meet Mr. Kohl; Foreign Minister Hans-Dietrich Genscher: the Social Democratic opposition leader, Hans-Jochen Vogel; the Bavarian premier, Franz-Josef Strauss; and representatives from the radical Greens party in Bonn.

The Socialist head of state, whose seven-year term of office ends early next year, will also travel to the Rhineland cities of Cologne and Düsseldorf and plans a major speech in the historic city of Aa-chen, which lies on the border between France, West Germany and



dead Monday after a train plunged from a damaged bridge over the Tywy River near Swansea, Wales. Navy frogmen searched the river for the train's driver and three force winds in Britain killed at least 13 persons on Friday,

passengers, but the police said they were unlikely to have

WORLD BRIEFS

Belgian Leader Gets Caretaker Role

Fourons, where he is mayor, is in a Dutch-speaking region.

Yugoslavs Face Economic Restrains BELGRADE (Reuters) - Prime Minister Branko Mikulic called Monday for higher taxes and wage and price restraints to rein

ugoslavia's soaring inflation and foreign debt.

Mr. Mikulic told the legislature he would overhaul the taxation system

targeting property, interest on savings and people earning high wages.

President Lazar Mojsov, whose speech was interrupted for 30 minutes when he became ill, urged the legislature to support the measures.

## **Swiss Coalition Holds Off Green Parties**

BERN - Gains by environmenfour-party coalition that has gov-erned the country since 1959, virtually complete returns showed Mon-

The coalition's more than threequarters majority in the 200-mem-ber National Council, or lower house, was reduced by 8 seats, to reflected Swiss political stability.

The advance by the Green Party and the Green Alliance was less tal parties in Swiss parliamentary marked than they had forecast and elections did not challenge the came chiefly at the expense of the left-of-center Social Democratic Party. Of the four coalition allies, the Social Democrats are the most prominent advocates of ecological

> dominated debates in the largely lackluster campaign.

But the Chernobyl nuclear plant disaster in the Soviet Union and a toxic spill from a Swiss chemical

plant that provoked an international uproar last November did not set the remaining 3, the Social Demoorf the Green landslide that some crats lost seven seats, with the envianalysts had predicted.

Social issues were only a secondary theme in the country, which has the West's lowest unemployment rate and highest per capita national income, and foreign policy prob-lems were totally absent in the dis-

in the past few elections, was expected to hit a new low. According to final results from

ronmental groups picking up a combined six.

BRUSSELS (Reuters) — King Baudonin accepted the resignation o Belgium's center-right coalition government Monday after talks failed a resolve a linguistic dispute.

The king asked the outgoing prime minister, Wilfried Martens, 51, a form a caretaker government with a limited mandate until a genera election is held, probably within the next few months. A government spokesman said Mr. Martens, the longest-serving Belgian prime minister since World War II, would begin talks immediately with other political leaders. The Green Party, an ideologically independent group that is thoroughly environment-oriented and steers clear of left-right distinctions, increased its representation in the legislature from four to nine Mr. Martens offered his resignation Thursday after his coalition spiralong language lines over a militant rural French-speaking official, Jose Happart, who refuses to take a test in Dutch although the village of

The Green Alliance, which has a leftist tinge, made less headway.
On the other end of the political spectrum, a newly founded Anto Party, chiefly known for campaign-ing in favor of raising speed limits, surprised analysts by winning two

The Swiss People's Party, the smallest and most conservative partner in the government coali-tion, also scored gains, adding 3 to its 23 seats in the lower house.

In the coalition, this almost offset the loss of four seats registered by the right-of-center Radical Democrats, who, however, remained the strongest faction, with

The Christian Democrats held their own with 42 seats, outstrip-ping the Social Democrats, at 40, for the first time since 1919.

of States, or senate, virtually confirmed the makeup of the incumbent upper house, except for the surprisingly high backing for a woman candidate of the opposition Aliance of Independents. Monika Weber, former president of the Swiss Consumers Association, received 193,000 votes in Zurich, the country's most populous canton.

#### Hungarian Consul's Son Ordered Out of Australia

puter equipment and other hightechnology goods to East bloc na-tions is banned in Australia.

The action against Gabor Kiska 27, son of the Hungarian commercial consul, Ferenc Kiska, followed investigation by Australian intelli-gence agents. Mr. Kiska left for Budapest on Oct. 10, the spokes-



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SCOTCH WHISKY

## Nancy Reagan Continues Recovery WASHINGTON (AP) - Nancy Reagan "feels wooderful" continuing a strong recovery after the surgical removal of her left the President Ronald Reagan's physician said Monday. The White House spokesman, Marlin Fitzwater, reading a statemen from the presidential physician, Dr. John Hutton, said that the president intended to make his fourth visit to Bethesda Naval Hospital in Marying intended to make his fourth visit to Bethesda Naval Hospital in Marghito be with his wife later in the day. Mr. Fitzwater reported that Mrs. Reagan, 66, spent part of Surger evening walking around in her suite. On Monday, she had a full breaking the spokesman said. Doctors told the couple Sunday that final laborate tests showed that Mrs. Reagan's cancer had not spread and the prognosis for her full recovery was excellent. High Court Rebuffs Reagan on Visas

resolve a linguistic dispute.

WASHINGTON (UPI) — The Supreme Court affirmed Monage, a a-ruling that the Reagan administration cannot refuse visas to foreigness invited to make speeches in the United States because they are Commis-

nists or belong to anti-American groups.

The court, in the first ruling of its new term, deadlocked 3-3 in the action affirming the lower court ruling. The court is one justice short side the retirement of Justice Lewis F. Powell Jr. Justices Harry F. Blackman and Antonin Scalia took no part in the decision.

SYDNEY — The son of a Hungarian diplomat was ordered to leave Australia for trying to export high-technology computer equipment in violation of regulations, a Foreign Affairs spokesman said Monday. The sale of certain commuter equipment of the computer o

## Stennis Won't Seek Senate Re-election

JACKSON, Mississippi (AP) — Senator John C. Stennis, a Democrit from Mississippi and the longest-serving member in the U.S. Senate, and Monday that he will not seek re-election next year to the seat he has held

Mr. Stennis, 86, president pro tempore of the Senate and chairman of the Senate Appropriations Committee, said that another term would keep him working until he was 93. The announcement came as he underwent "a surgical procedure to correct a prostate gland problem" at Walter Reed Army Medical Center in Washington. A hospital statement as scribed the operation as "a relatively common procedure to relieve partial obstruction of his bladder." It said that "there was no evidence of

His decision will leave him just eight months short of the Senate longevity record. He would have to serve until Sept. 18, 1989, to break the service record of 41 years, 10 months and 12 days set by Carl Hayden, a Democrat from Arizona, who retired from the Senate in 1969.

## Pretoria Rejects Vancouver Criticism

PRETORIA (AP) — Decisions of the Commonwealth conference in Vancouver last week were "irrelevant and did not merit further attention," Foreign Minister R.F. Botha said Monday.

"The circumstances in which the conference took place and the decisions taken on South Africa were, with one exception, more revealing about the harrowing conditions in the countries of the majority of governments present than any extent to which they cast a credible reflection on South Africa," Mr. Botha said in a statement All conference participants except Britain called for intensified sanctions against Pretoria.

The South African minister added: "What is nevertheless interesting is that the conference provided an opportunity to give prominence to a report by Amnesty International, which sharply condemned 33 of the member countries for the neglect and violation of fundamental rights."

#### For the Record

South African policemen hurled hand grenades into a house, killing a black man, after officers were shot at with a Soviet-made automatic file.

black man, after officers were shot at with a Soviet-made automatic rife, a police spokesman said Monday. The police reported that the shooting Sunday occurred near Bloemfontein in Orange Free State. (UPI) Two Arabs from the Israeli-occupied West Bank were convicted in a military court in Jerusalem on Sunday for the 1986 murder of a moderate Palestinian mayor, an army spokesman said. Muad Abdel Samad and Ahmed Hanina were convicted of killing Zafer al-Masri, the Israeli-appointed mayor of Nablus.

Twenty-eight Danish fishing vessels turned fire hoses on the incinarior ship Vulcanus II in the North Sea on Sunday, and the ship stopped burning toxic wastes after its propeller became entangled with a fishing net, the Greenpeace environmentalist organization said.

## TRAVEL UPDATE

## Strife Doesn't Deter Ulster Tourists

BELFAST (Reuters) — Tourism in Northern Ireland is expected rise 6 percent in 1987 despite the most violent year of political and sectarian strife since 1983, according to tourism officials.

A visitor survey showed that curiosity, an interest in politics and history, and a desire to see if news media accounts of the conflict well-accounts had brought 34 percent of the visitors to the province. Reantiful accurate had brought 34 percent of the visitors to the province. Beautiful countryside attracted 28 percent and friends and relatives 27 percent.

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## By Sandra Blakeslee

LOS ANGELES — In a radical departure last week from standard medical practice, doctors in Canada kept alive a baby born without most of her brain so that her heart might be salvaged for a transplant

The baby, connected to a respirator, was flown to California where her heart was given Friday to a boy delivered hours before.

Without mechanical life support, the organs of brain-absent infants, or anencephalics, tend to atrophy as the babies slowly die, usually within a few days of birth. Transplant centers routinely reject anencephalic donors because they are not considered dead under state rator. laws and medical society standards. By the time they are legally late in her mother's pregnancy, ac- been put into practice.

Medical experts said they knew of no other case since these laws early 1980s in which doctors ac- to machines so that her organs knowledged using a brain-absent baby as an organ donor.

The transplant operation Friday tional treatment of the donor that contribute to life some way." opens the possibilities for hundreds parents and physicians.

Oct. 12 and taken to Children's Hospital in London, Ontario,

Her condition was diagnosed

dead, their organs are useless for cording to Dr. Tim Frewen, chief of transplanting. cording to Dr. Tim Frewen, chief of pediatrics at the hospital. He said Gabrielle's parents, from Orillia, near London, made the decision to and standards were adopted in the keep the baby alive and connected

would remain healthy. The parents insisted that they wanted their infant's organs used, has gained wide attention because Dr. Frewen said in a telephone inof the age of the recipient, but doc-tors and ethicists say it is the excep-their baby would touch others and

Dr. Frewen said he attended a of more transplant operations and conference in Ontario in January raises difficult moral decisions for on the use of anencephalics as organ donors. "The consensus was The donor, called Baby Ga- that in the presence of consenting brielle by her doctors, was born parents it was ethical to offer life support," he said.

But until Gabrielle's parents where she was connected to a respi-asked about the possibility of donating her organs, the theories de-

Telecom Geneva 87. A message from Matra:

Understanding each other is good...

was kept on a respirator and flown be found. There are 400 to 500 to Loma Linda University Medical newborn infants who need hearts Center in California. On Friday and kidneys and 500 to 1,000 who morning, her heart was given to a need livers, according to Alexander baby. Paul Hole, delivered earlier Kapron, professor of law, medicine

Linda issued Saturday, said that Paul "continues in critical but stable condition. The strategy of giving temporary

life support to babies who are doomed to die so that their organs can be preserved for babies who might benefit from transplants could herald a new era in infant transplant medicine, according to transplant experts in both the Unit-

ed States and Canada. Organs for infants and newborns are in very short supply. Experts estimate that from 40 percent to 70 percent of children under 2 years

GABS.

hat day.

A medical statement from Loma of Southern California.

If organs from the 2,000 to 3,000 anencephalic infants born each year in the United States could be used for transplant, experts say many more lives could be saved.

But the new practice raises new issues as it solves old ones.

It has not been deemed ethical to use anencephalic infants as transplant donors in North America because, lacking brains, they do not meet strict criteria for brain death and thus are not considered legally dead, said Dr. Michael Harrison, a pediatric surgeon at the University of California in San Francisco. Although anencephalics lack all or most of their cerebral hemispheres, they have lower brain stems that keep their hearts and other organs

When anencephalic babies are born, Dr. Harrison said, they are made as comfortable as possible. Food and water are given, but no efforts are made to preserve life. The infants are doomed to die within a few days of birth.

As their brain stems slowly stop functioning, however, their organs deteriorate and cannot be used for transplanting. Several efforts to amend the brain death laws so that anencephalic babies could be used as organ donors while still techni-cally alive have not been successful.

Late Wednesday afternoon, it was determined that Gabrielle could no longer breathe without the respirator. At that point she met the legal criteria for brain death, Dr. Frewen said, and because she had been kept alive, her organs were still healthy.

Transplant coordinators in Canada and the United States then worked to find recipients for her

heart transplant operation Friday. Dr. Calvin Stiller, chief of the Multi-Organ Transplant Service and professor of medicine at University Hospital in London, Ontario, said the Canadians felt it was

The baby was pronounced legally dead on Wednesday. Her body
lists die before suitable organs can
was kent on a restrictor and flown
he found The medical organs. Arrangements were made important to work within medical
and legal definitions of brain death
to fly her body to California for the
to f use of patients who were legally alive as organ donors raised the specter of using the approximately 10,000 adults being kept alive artificially as donors.

Baby Without a Brain Is Used as Organ Donor, Raising New Possibilities and Issues and legal definitions of brain death extension," he said, "it would be to hury a breathing corose."

> Nevertheless, doctors predicted that the strategy would open the door to much wider use of brainabsent infants as organ donors.



END OF AN ORDEAL - Jessica McClure sleeping in the lap of her mother, Reba, on Monday as her father, Chip, held her injured foot. The 18-month-old child is recovering in a Midland, Texas, hospital after falling into a well. She was rescued two days later.

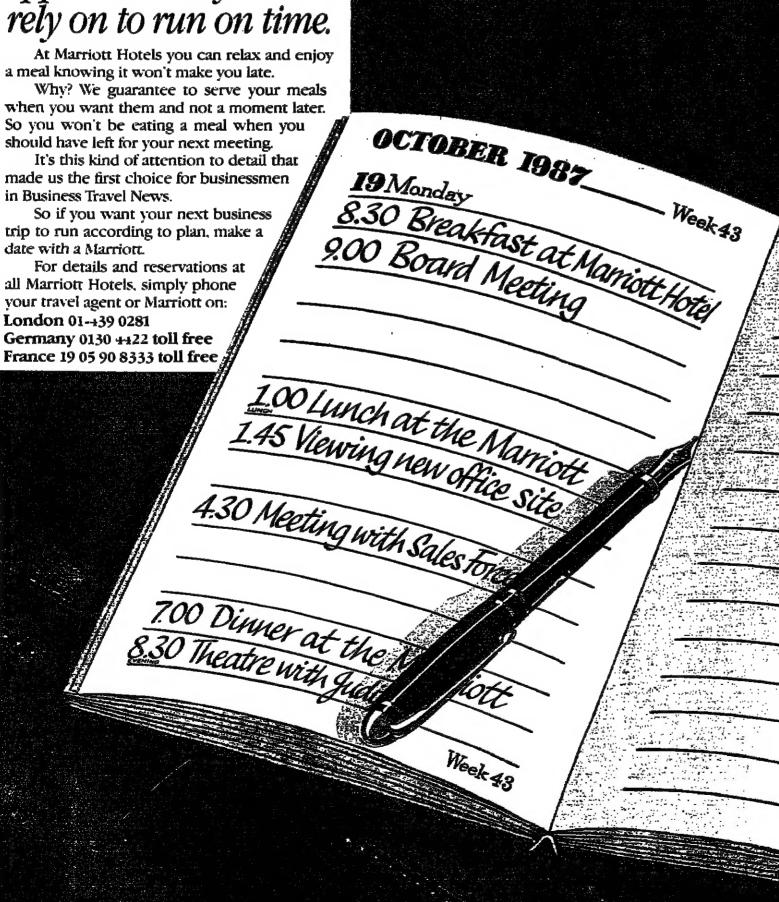
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## U.S. Studies Find Women With AIDS Die Significantly Sooner Than Men

By Gina Kolata

NEW YORK - Women with AIDS are sicker and are dying more quickly than men who have the disease. The finding is shocking

and puzzling researchers. Although there are no good national data on the comparative experiences of women and men with acquired immune deficiency syndrome, studies in New York, Miami and California have found that women are dying significantly fast-

es having AIDS. There is no obvious explanation, say several researchers. They beine one, not simply a consequence of, say, women's being diagnosed later in the course of the disease.

The data are attracting interest because they may provide researchers with a clue about how and why a person infected with the AIDS virus develops the full-scale disease. When people develop AIDS, their immune systems become crippled, opening the way to a variety of infections and cancers that cause illness and death.

"We see a dramatic difference in the survival of women with AIDS," said Dr. Margaret Fischl of the University of Miami, one of the researchers who found the effect She added that she was "disturbed by the unbalance."

While scientists have no sure eviience as to what accounts for the difference, many are speculating that a biological difference might be involved. "The reason may be hormonal," Dr. Fischl said. "AIDS n women may be a different dis-

But the experts who were interviewed are also cautious. They warn that before any conclusions are drawn about biological reasons for the differences in survival times, social reasons, such as poor access to medical care, must be ruled out. "We must be careful at his point." Dr. Fischl said. Nonetheless, investigators said,

the figures are at least an intriguing hint at new directions for research. "It's a potential avenue for investigation and a potential avenue for therapy," said Dr. Richard Roth-enberg of the federal Centers for Disease Control in Atlanta, who also is among those coming up with the evidence.

Dr. Fisch! has seen 119 women with AIDS, 111 of whom were diagnosed in the past three years. They survived an average of 6.6 months after diagnosis, while men with AIDS survived an average of 12 to 14 months, Dr. Fischl found.

The most dramatic data are from California. Looking at data on 7,074 people who were diagnosed as having AIDS before Dec. 31, 1986, Paul Harder of Harder Kibbe Research and Consultants in San the Jan. 18 local elections, but said Francisco found that the 128 women in the study lived an average of dent.

Mr. Harder was directing a consulting project for the state of Cali-fornia and thus had access to the

before too much is made of the finding. So far, however, the groups in New York, Miami and Califorthese potential explanations.

data really reflect a comparison of sexual men with a group of predominantly intravenous drug-using women, experts said. Homosexual men are known to have much beiter survival times than intravenous drug users. Researchers speculate that this is because the drug users are sicker to begin with and may be less likely to seek medical care.

But in California, according to Mr. Harder, the women "in general are partners of intravenous drug users." Most of the women did not use drugs themselves; they were infected through sexual inter-

In New York, according to Dr. Rand Stoneburner of the New York City Health Department, vomen with AIDS fared worse than men even when drug use was taken into account. Sixty percent of the New York women in the study used intravenous drugs, 23 percent were infected through sexual intercourse and most of the rest were infected through blood transfusions or were from Haiti, a country where heterosexual transmission of

the AIDS virus is common. The Miami women, according to Dr. Fischl, were almost equally divided between intravenous drug users and Haitians. A small number were infected through sexual intercourse or blood transfusions.

were poorer than the men and had less access to medical care, experts about 75 percent of the men in the

all of the women Experts said there were several possible nonbiological reasons that women with AIDS might have suggests that since AIDS is still Other social factors, too, might shorter survival times and that rare among women in California, these reasons must be ruled out doctors may not consider it when they see a female patient.

But in New York, where AIDS in women is increasingly common, nia have excluded at least some of the basic factor is that "gender seems to play a role" in the severity It could be, for example, that the of AIDS infections. Dr. Stoneburner said...

> hormones could affect the course of the disease. She and others sus-pect that AIDS infectious worses during pregnancy, although experts said this was not completely estab-

And if pregnancy does exacer-bate an AIDS infection, expens said, this, too, raises more questions than answers about how and why the hormonal and immune system changes of pregnancy have that effect.

Although scientists suspect that there are changes in the immune system during pregnancy, Dr. Su-san Cowchock of Jefferson Medical College in Philadelphia said-"We don't see many obvious changes in a normal pregnancy. The immune system changes, she added, are thought to be subtle and very specific.

Hormonal changes, in contrast. are obvious during pregnancy. Dr. Cowchock said. Sex hormones are present at substantially higher lev els and there are greater concentrations of other hormones as well, including steroid hormones and thyroid hormones.

Although both male and female sex hormones could be important in the course of the AIDS infection. Dr. Fischl said, "It is impossible to It could also be that the women speculate at this point."

## Laurel and Enrile Form **Alliance for Local Poll**

MANILA - Vice President Salvador Laurel said Monday that he may not." was joining forces with Juan Ponce Enrile, a former defense minister

and now a government opponent. for local elections. Mr. Laurel also said that President Corazon C. Aquino may not serve her full term if she "makes

mistakes left and right." The vice president said he and Mr. Enrile were forming a "tactical alliance" to support candidates in they were not opposing the presi-

40 days after being diagnosed as Reports of an alliance between having AIDS, while the 6.946 men Mr. Enrile and Mr. Laurel fueled and drove it to Santo Tomas University speculation that conservative versity. groups were organizing an "alter-

Aquino is toppled in a coup. Her term expires June 30, 1992. "I think a great deal will depend on how she handles the situation right now," Mr. Laurel said, "If she

measure of her term. But if she makes misrakes left and right, she

The Aquino administration is trying to restore public confidence after an Aug. 28 coup attempt in which 53 persons died and hundreds were wounded. It was the gravest threat to Mrs. Aquino since she came to power in a February 1986 civilian-military rebellion in which President Ferdinand E. Marcos was overthrown.

On Sunday, rebei troops be lieved linked to a renegade officer. Lieutenant Colonel Reynaldo Cabauatan, stole an armored personnel carrier from army headquarters

Troops and tanks rushed to the native government" in case Mrs. presidential palace and university area, and security was increased at military installations in the capital

The acting governor of Manie Jejomar Binay, said that Colons Cabauatan planned to begin an al-34th St., New York, N.Y. makes the right decisions, decisive tack on the presidential compound moves, I think she will last the from the campus.

AMMAN - AMSTERDAM - ATHENS - CAIRO - JEDDAH - LONDON - PARIS - RIYADH - VIENNA

# s and Issue Asia and Pacific Nations Come to Grips With Surge of Ethnic and Religious Tension Immigrants have swamped originated in the country a republic. The Commonwealth is an association links stitution would be drawn up to the control of a selected results the country a republic. The Commonwealth is an association links stitution would be drawn up to the control of a selected results the country as republic. The Commonwealth is an association links stitution would be drawn up to the country as the country as republic. The Commonwealth is an association links stitution would be drawn up to the country as the country as the country as republic. The Commonwealth is an association links stitution would be drawn up to the country as the country as the country as republic. The Commonwealth is an association links stitution would be drawn up to the country as the country as the country as republic. The Commonwealth is an association links to the country as the country as republic. The Commonwealth is an association links to the country as the country as the country as the country as republic. The Commonwealth is an association links to the country as the coun

By Michael Richardson crimination, cultural and religious oppression, loss of land and exclusions for all multiracial injustices against them.

SINGAPORE — A surge of etheron the benefits of economic societies.

Sinhalese in Sri Lanka was an imment with aborigines recognizing injustices against them. Charles Perkins, head of the Deand religious pressures across growth are the main reasons for minority discontent. actific, a region dominated by inhuracial societies, has prompted overnments to intensify efforts to nd ways to maintain national uni-

Fiji, New Caledonia, Australia, lew Zealand, Indonesia, Singaore and Malaysia are affected.

At the heart of the ferment, they is the relationship between aginal inhabitants and those who se Indians and Europeans. in Fiji, New Caledonia and Mawin differences have been in-

med by recent political conflicts, ad a resurgence of Islam in Indoin Singapore, has also creat-

rious and settlers are often cated by religious, language

Advocates of policies favoring indigenous races seek to provide assurances against dominance by outsiders, thus helping to maintain national harmony. Critics contend that such policies

widen and perpetuate racial, religious, linguistic and cultural divi-In Singapore, where Chinese

form slightly more than three-quar-ters of the population, the governare settled later, particularly Chi-ment is considering ways of guaranteeing future representation of minority Malays and Indians in Parliament and in the cabinet. Prime Minister Lee Kuan Yew

said Friday that to "survive as one people in one nation, when you are really the products of thousands of years of separate nations," required conflicts between native a conscious effort of tolerance.

Goh Chok Tong first deputy prime minister of Singapore, said earlier this year that rebellion by finalysts say real and feared dis- Tamils against control by majority he would try to conclude an agree-

It showed, he said, that ethnic minorities "must feel alienated when they are discriminated against and do not enjoy the benefits of national progress."

In Indonesia, the government is promoting a national ideology known as Pancasila to bridge religious, racial and political differences. Its five principles are belief in one God, humanitarianism, national unity, consensus democracy and social justice.

Under a law passed in 1985, ma-jor organizations, including politi-cal parties, religious groups and trade unions, must adopt Pancasila as the guiding ideology in their con-

Diplomats in Jakarta said widespread acceptance of the ideology had helped to reduce tensions.

Prime Minister Bob Hawke of Australia said last month that before Australia celebrated 200 years of European settlement in January Immigrants have swamped origination of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of a referendum in September in monwealth is an association links of the Development of the Development

It should, he said, recognize the help them to improve health, edu-cational and living standards that ment. he said were generally "disgrace-ful." Mr. Perkins is an aborigine.

#### Chinese Officials Reject Calls for 'Greater Tibet'

BELIING — Chinese officials have rejected calls for Tibet's boundaries to be redrawn to enopass areas of Chinese territory culated by more than one million ethnic Tibetans, a Chinese magazine reported Monday.

The weekly Beijing Review quoted senior officials as saying that a "Greater Tibet" was "unrealistic and unattainable" because it would be divided by high moun-tains and its vast size would ham-per economic development.

The magazine also quoted offi-cials as repeating China's invitation to the exiled Buddhist spiritual leader, the Dalai Lama, to return. An Asian diplomat said it was the first time China had publicly acknowledged calls by overseas Tibetans for a Greater Tibetan Autonomous Region. According to official Chinese figures, nearly two million Tibetans live in Tibet itself while around 1.5 million live in

surrounding provinces. Westerners in the Tibetan capital, Lhasa, where 19 persons died in rioting on Oct. 1, said Monday that the police were patrolling the Jok-hang, Tibet's holiest Buddhist temple, circling the building anticlockwise against the customary clockwise flow of pilgrims.

partment of Aboriginal Affairs in form I percent of Australia's popu-voters on the island opted to re-colonies in Asia, the Pacific, Africa Canberra, said aborigines wanted a lation. Maoris less than 10 percent main part of France. treaty that would be made part of of New Zealand's and Malays 15

percent of Singapore's. aborigines' prior ownership of Aus- Sir Paul Reeves, the governor-gentralia, as well as their laws, culture eral, called for better treatment for own land." and sacred sites. He said it ought to Maoris, whose Polynesian forbears But Fren

> Sir Paul, a Maori, said Maoris "must be able to develop their culpure and institutions as non-Maoris have done, and use the resources of our nation.

Champions of indigenous interests in the Southwest Pacific and
Southeast Asia have frequently and the British Commonwealth complained that colonialists have

Mr. Tjibaou said that immigra- government met in Canada last tion from France, Southeast Asia week. In New Zealand earlier this year, and the Pacific had made Melanesian Kanaks "a minority in our

that enlarged local autonomy and development programs would satisfy the aspirations of a majority of

In New Caledonia and Fiji, indigenous Melanesians are narrowly outnumbered by settlers.

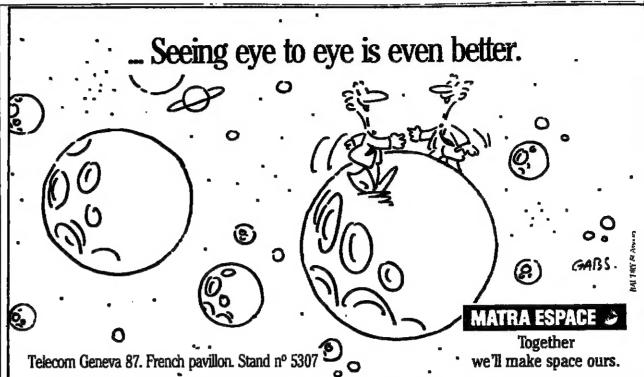
encouraged the settlement of out- issue of racial discrimination after Colonel Sitiveni Rabuka seized Jean-Marie Tjibaou, leader of power for a second time in five the main separatist coalition on months on Sept. 25 and declared

Melanesians over islanders of Indiand the Caribbean. Its heads of an descent. Melanesian ownership of 83 percent of the land in Fig.

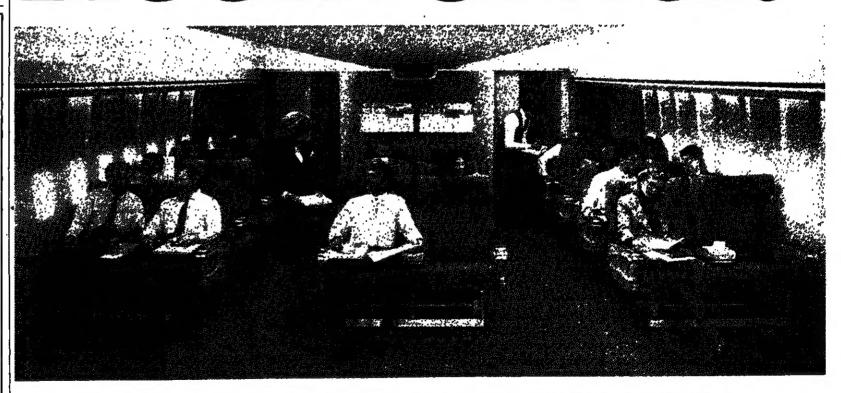
#### own land." But French officials, interviewed Among the riches of Beverly Hills. recently in Paris, said they believed a little gem of a hotel.

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Adam Jasfar, 23, a Malaysian soldier who killed one person and injured two during a shooting spree in Kuala Lumpur, was escorted by officers after he surrendered on Monday. Opposition politicians said the attack was racially motivated and a symptom of festering ethnic tension, an accusation that was discounted by government officials.



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THE WAY RAMSES HILTON

## **Ban Chemical Weapons**

Quite suddenly the possibility arises of Soviet and American agreement on banning the production, storage, transfer and use of chemical weapons. These are not the main weapons in either great power's area. main weapons in either great power's arse-nal, but they have a special aura of horror and are part of the immense attack capabili-ty that the Kremlin has prepared in Europe.

Since chemical weapons are available to non-nuclear countries as well as to nuclear ones, the international negotiations orga-nized to contain them have gone on in the 40-nation Committee of Disarmament in Gene-va. For years Moscow stonewalled and no progress was made, but now Soviet policy has changed, possibly in part because the Reagan administration finally persuaded the U.S. Congress to start down the road to producing new chemical weapons — a development that we thought was wrong and still think is dangerous, but one which seems to have had a useful strategic effect.

According to the Kremlin, the Soviet Union has already stopped producing chemical weapons, does not store them outside its borders and will destroy its stockpiles upon conclusion of an international treaty. Demonstrating the new Soviet embrace of on-site inspection, foreign experts, including American officials, were recently

to possess were put on view, and the Kremlin still insists that it will not report on its stockpiles until a treaty is done.

Chemical weapons are easy to make, in factories that can be quickly converted from civilian use, and easy to hide. On-site inspection is useful but, especially in this area of arms control, no panacea. A verifica-tion scheme may be possible that reduces chances that cheating will go undetected and increases the political costs to the cheater. These are minimal standards, however, and a treaty meeting them might not survive the intense scrutiny it would surely get and deserve in American political debat

It makes sense to think of limitations in the context of a larger agreement on dis-mantling the Kremlin's whole European invasion capability, of which chemicals are just one part. Meanwhile, Moscow is welcome to show in any way it can that it is going out of the chemical warfare business. And Washington should make sure that its own run-up to production of a new nerve gas does not put it more deeply in. - THE WASHINGTON POST.

Change the Rules for All

Ida Nudel's going-away dinner at the Vil-nins Restaurant in Moscow last week must have been a joy. The "mother of the Soviet refuseniks" was bound for Israel after 16 years of trying. Josef Begun, Moscow's unofficial rabbi, was there; his permission to leave came last month. Vladimir Slepak ar-

rived waving the permission he and his wife had just received. They applied 17 years ago. The West can feel the joy all the way from the Vilnius, and properly lets Mikhail Gor-bachev know. Still, for all the talk of reform, Mr. Gorbachev plays the emigration game the old way, handing individuals their free-dom to spice improving relations with America. It is not a bad strategy when he expects soon to visit Washington, where he must face protests by American Jews. Perhaps releas-ing prominent refusenits will head them off. Better freedom this way than not at all. But better still to change the rules for all,

Jews and non-Jews, and not just bend them for the few. Some welcome, if tentative, steps in that direction are emerging.

The three at the Vilnius were among a dozen prominent refuseniks given permission to emigrate this year. A high-level commission is reviewing 100 such cases, with mostly welcome results. Beyond these prominent people, about 5,000 Soviet Jews have been granted permission to emigrate since January, compared with fewer than 1.000 last year - but also compared with 50,000 in the peak year of 1979.

A good guess is that a majority of the 11,000 known refuseniks will be allowed to leave in the next months. Most of the current departures are old cases. Estimates of the number of Jews still wishing to leave run into the hundreds of thousands. Will emigration return to a trickle when the current books are

cleared? And what of those Jews who stay? Will they be allowed to profess their faith, study Hebrew, pursue their cultural traditions without fear of reprisal?

There are promising signs of change. Soviet officials begin to revise their legal code: repeal of the odious catch-all law on anti-Soviet defamation looks likely, although a harsher measure also used against dissidents will probably remain. Guidelines for emigration eligibility are being reviewed, too. Denial of emigration to citizens who supposedly possessed state secrets may be amended. A Soviet-American liaison office will be established in Moscow to consult on emigration.

As for those who stay, several synagogues have reopened, academics feel freer to pur-sue Jewish scholarship and a few Jewish cultural centers are opening. Also, more Jews are permitted to travel abroad.

Opening emigration and lifting repression are costly in a polyglot nation of more than 100 recognized nationalities. A wave of protests swept the Baltic states this summer. Religious freedom is of more than passing interest to a fast growing Moslem population. And the last census shows ethnic Russians as a fast dwindling majority. Mr. Gorbachev must hold together his oldfashioned empire with a Russian population that cares far less for individual liberty than for strong central authority.

Those dreary realities loom large over Western hopes for fundamental human rights change, and remind the observer to rejoice with Ida Nudel and the others at their new freedom. That does not mean forgetting that the real victory would be an end to the laws and attitudes that bedeviled -and mostly remain to haunt others.

-THE NEW YORK TIMES.

### Other Comment

#### Slow Recovery for UNESCO

It is a telling reflection on UNESCO's predicament that the nomination of Federico Mayor Zaragoza to be the new directorgeneral was greeted mainly with relief be-cause the controversial Amadou Mahtar M'Bow appears to have been thwarted in his ambitions for a third term. The weekend's antics will have done little, however, to restore UNESCO's battered credibility. Mr. M'Bow has still not said unequivocal-

ly that he is out of the race. The continuing uncertainty, fused with bitterness, shows ev ery sign of dominating the agency's proceedmgs as it lurches toward the full general conference of its 158 members in early November. This is unlikely to help convince those waverers within UNESCO - such as Japan, Switzerland and West Germany, to name but a few - that a new era is at hand. Nor will it persuade London and Washington that the organization from which they withdrew in protest has convinced itself of the need for rapid and radical reform.

If indeed the Spanish biochemist does succeed in becoming UNESCO's next director-general, he faces a Herculean task in pulling this debilitated, confused and divided organization back onto its feet.

- The Independent (London).

#### Americans Aren't Japanese

In recent years, we Americans have been beaten at our own game by the Japanese so often and so decisively that we have begun to think that they are not only better and smarter than we are, but have some inscrutable and devious powers. In fact, it was our missteps as much as Japan's right moves that led to our decline and its rise.

The Japanese are the ultimate organization men, but it was the triumph of our own organization men that got us into the soup in the first place. American business has almost organized itself out of existence in the last several decades. What it needs today is a lot less organization, not more. Americans are, by nature, free-wheeling

adventurous, irreverent and inventive. To

deny that nature is to court trouble, as or recent decline has shown. We will end the decline not by emulating the Japanese, or sinking them, but by becoming ourselves again, by concentrating on our particular strengths — exploring inventing building American industry is not being done in by the Japanese but by its own inability to

see and adapt to the world as it is. - Warren Bennis, professor of business administration at the University of South ern California, and co-author of "Lead ers," writing in the Los Angeles Times.

#### Helping Peru's Hinterlands

President Alan García Pérez's move to nationalize the banking system in Peru will meet heavy resistance and is unlikely to improve the country's economic situation. One may also reasonably doubt whether it will help to pump capital into the rural sector, where it is most badly needed. Development of the hinterland is important not only for economic but for political reasons; anti-government guerrilla move-ments would have less support if the economic situation in the countryside improved. If the situation continues to deteriorate after the nationalization measures, the armed opposition probably will make further gains. Nationalization of the financial sector will cost the government dearly both economically and politically. - Neue Zürcher Zeitung (Zurich).

#### In Praise of Nancy Reagan

Breast cancer has long been among the greatest anxieties of all women and of the husbands and families who love them. Nancy Reagan could have gone quietly into the hospital for her operation, slipping anonymously through a back door. But she chose to go public, and for that we owe her our gratitude. It is better to talk openly about cancer, better to take the tests, better to get the treatment. It is fear that is most fatal. Nancy has shown none. We applaud her and we pray for her speedy recovery.

- The Daily Express (London).

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## Human Rights Should Be Routine, Not Newsworthy

By Anthony Lewis

BOSTON — The Soviet govern-ment has acted in recent weeks to resolve some longstanding emigration cases. Early this month, for example, it gave an exit visa to Ida Nudel, a leadgave an early visa to the retute, a read-ing campaigner for Soviet Jews. Last-week officials told Vladimir Slepak, another prominent refusenik, that he and his wife could move to Israel, 17 years after they first applied.

Such actions evidently are designed to improve the atmosphere in U.S.-Soviet relations before Mikhail Gorbachev makes his expected trip to the United States for a summit meeting. But the effect will be limited.

Every time one well-known person is allowed to leave the Soviet Union, we in the West remember others who have not been. Thus Mr. Slepak's good news was coupled with reminders that such admired figures as Alex-ander Lerner and Valeri Soifer are still forbidden to emigrate many years after they began seeking visas.

Soviet officials have complained to Americans about that reaction. When they take some positive step, they say, instead of being praised they are criticized for not having done something else. That provides little motivation for resolving any cases, they argue.

It is crucial to beware of that Soviet

view, I think -crucial because it is so mistaken. It misunderstands fundamental Western attitudes on human rights. And the misunderstanding is as harmful to legitimate Soviet interests as it is to the victims of injustice. The Soviet view is based on the premise that the resolution of indi-

vidual human rights cases is a valuable gesture - a favor - to Western opinion. Soviet leaders traditionally save those gestures to be used as bargaining chips. When a summit meeting approaches, the chips are played in order to brighten the mood for substantive negotiation. But we in the West do not regard

things such as letting citizens emi-grate or practice their religion or speak their minds as governmental favors. We think of them as rights rights that have a legal basis in Soviet undertakings at Helsinki. Americans and others in the West

do not like the idea of human lives being used as bargaining chips. So when restraints on some Soviet citizen are relaxed at a politically opportune moment. Western gratification for the individual inevitably will be mixed with resentment at the tactic. The sense that lives are being

played with is deepened by the hap-hazard, seemingly senseless cruelty of the Soviet bureaucracy in these

matters. Or is it just bureaucracy? sary of the day she was supposed to marry Victor Novikov in Moscow. The marriage was stopped. And ever since, Mr. Novikov has been refused Benjamin Charny, a mathemati-cian, presents one of several especially heartrending Soviet emigration cases involving people who have can-cer. They want to leave to get treat-ment or to be with their families. Mr. permission to emigrate and Miss Condon to visit the Soviet Union. Last spring Miss Condon was en-couraged to apply again for a visitor's Charny wishes to be with his brother, Leon, who is at the Massachusetts

Institute of Technology.

Last month Benjamin Charny's daughter, Anna, was allowed to leave with her husband, their baby and her husband's parents and grandmother. In effect, the whole family is out -

except Benjamin Charny.

Or consider the question of divided Soviet-American couples: spouses and fiances kept apart by Soviet barriers. About 20 couples are in that category. On Oct. 23, Elizabeth Condon, a high school teacher of Russian and French, will mark the eighth anniver-

When a citizen joins an American fiancé it should not be news.

visa. She did. Two days before her planned flight to Moscow, she was told that her visa had been denied. More recently, Mr. Novikov was told he could still not leave because he learned secrets years ago. That reason, officials said, will expire in 1990.

The Kremlin pays a high price in the West for such inhumanity, and it is not only the price of moral disapproval. The feeling that the Soviet Union cannot be trusted — not even to keep to its Heisinki undertakings - feeds opposition to the arms con-trol agreement that Mikhail Gorbachev and Ronald Reagan want. Mr. Gorbachev understands there

from prison. But case by case action cannot solve the problem. Only removal of the underlying wrongs can.

When a Soviet citizen joins an American fisnce, it should not be.

that it is not newsworthy.

## The Big Soviet Question Is Still Open

WASHINGTON — For many of us, the difficulty in grasping what Mikhail Gorbachev is up to is in the action of referred to sure the color of the color fitting the notion of reform to our that Soviet society is organized by a Marxist-Leninist party precisely to contain reform. It is not simply that it is hard to understand why the single

The two American schools in Soviet studies have been going at it hot and heavy for the last few years.

ruling party would want to loosen its grip. It is hard to understand how that can even happen under a Communist system. We know that it cannot. But how do we know? It is not enough to say that we consult our suspicions or our hopes, as the case may be. That gives us a political judgment - conservatives have suspicions about Kremlin change, liberals have hopes — but hardly the last word. If we turn from peering into the Soviet future to peering into the Soviet past, then we arrive at an even more clouded place. For students of

the Soviet past are torn.

A Cambridge University student,
Aileen Kelly, writing in the Sept. 24

New York Review of Books, observes of the two main contending schools that recent events have increased the distance between them, "as each attempts to influence Western reactions to Gorbachev's reforms."

A "totalitarianism" school, includ-ing (to varying degrees) Richard Pipes, Adam Ulam and Zbigniew Brzezinski, sees the reforms as cosmetic and tactical, and warns the West not to lower its gnard.
This school, Ms. Kelly suggests,

leans on the premise of the late British acholar Leonard Schapiro "that Stalinism was the logical successor to Le-ninism, and that the dynamics of Soviet history since 1917 can be explained by one determining factor: the ruling party's commitment to total power." Believing the Soviet system to be unique, this school tends to ascribe its sole paternity and all its evils to the Russian revolutionary tradition.

A "revisionist" school, including Stephen F. Cohen (who named the schools) and Jerry Hough, takes the reforms seriously and urges the West to respond positively to this rare opening. This school finds that the party, rather than being a frozen monolith, now offers a genuine com-petition of factions and interest groups within the elite. The revision-ists believe that the Soviet system,

like other systems, is a complex prod-uct of many historical strands.

piro's writings, "Russian Studies," She goes on to make a learned critique of the Schapiro contribution, and I go off on a little personal detour.

As a graduate student in Russian history in the 1950s, I read Schapiro

and accepted him as a giant in the field. He and his like taught us every-thing we knew about the Communist Party - knew then, anyway. What he taught seemed completely consistent with what was going on - the Hun-

learned was not the revealed truth but merely the "dominant orthodoxy in Soviet studies" of the day.

I forgive Aileen Kelly, who is young. I am even prepared to ac-knowledge that she has a point. New experiences and expectations can contribute to generational variations in writing and reading history. All of us know people who have failed to replenish intellectual capital.

It would be an awful thing, however, if one "dominant orthodoxy" were to be replaced by another. Already in historical circles, and in political and journalistic circles, there is a striking readiness to accept as accomplished fact schemes that are no more than a glint in Mikhail Gorbachev's eye. The Bork controversy has sensitized all of us to the phenomenon of "result-oriented" jurisprudence. We do not need result-oriented scholarship.

is a price. He has resolved some of the high-profile cases, not only allowing prominent refuseniks to leave but re-leasing important political dissidents

news. When a seriously ill man in Moscow leaves to be with his brother in the United States, it should not be news. It should be the rule: so routine

So says Alleen Kelly, reviewing a postimmous collection of Mr. Scha-

acholarship was immense. Now, 30 years later, comes Aileen. Kelly to tell us in a respectful but unmistakable way that what we

In any event, the two schools in Soviet studies have been going at it hot and heavy for the last few years, and I want to believe that improved understanding will result.

The great argument about the Soviet Union has always been whether it is a state among states, with its own traditions and style but ulti-mately motivated by the same aims as other nations, or is one of a kind, bound by no rules other than its own. I think it best to regard the question as still open - open and urgent.

The Washington Past.

At Liberty To Grumble 1 By Edwin M. Yoder Jr.

By Edwin M. Yoder Jr.

Washington — Ever since the Reagan administration; agreed to put American flags on Kurani oil tankers and provide them as with an escort of U.S. warships, Congress has furned that the 1975 War and Powers Resolution is being ignored.

The reasons vary. Some senators claim that Congress really wants to share responsibility if something goes wrong, a claim not to be taken senious wrong, a claim not to be taken senious and the congress really wants to be taken senious. er of Connecticut, seem to say that this need dubious act should be enforced because it is there, like Mount Everest.

War Powers:

cause it is there, like Mount Everest.

The cries in Congress gained new force Monday with the announcement at that U.S. warships had destroyed an iranian oil platform in the Gulf.

In the War Powers Resolution Congress said in essence that a president who puts U.S. armed forces in danger of "imminent hostilities" must notify Congress, which then has 60 to 90 days to approve or not. The resolu-tion was, in effect, Congress's expost facto comment on the origins of American involvement in Vietnam just as the obstructive Neutrality Act of 1935 (which, until amended, kept of

of 1935 (which, until amended, kefti ""
Roosevelt from selling arms to the anti-Hitler forces in Europe) was a selling arms to the misguided comment on how the Unitarity of States got into World War I. """ But the implication that Congress was dragged unwithingly and unwill-("" ingly into Vietnam is silly. Congress alling a willing collaborator until very was a willing collaborator until very late in the debate. And it is hard to believe that Congress today would require a president to pull U.S. naval forces out of the Gulf, where they have

been since the late 1940s.

And the wording of the War Powers
Resolution is vague. "Hostilities," for
instance, are not defined. The constitutionality of the enforcement methal

nuionality of the enforcement mechanism — a joint resolution, without presidential signature — was cast into doubt when the Supreme Court said that acts having the force of law must unlike joint resolutions, be presented to the president for his signature.

Every president since Richard Nue on, who vetoed the act, has questioned its constitutional validity: It has been formally invoked only outer in the deployment of U.S. Marines in the deployment of U.S. Marines in the deployment of U.S. Marines in the did not silence a runting commentary that finally intimitatived the administration and forces.

ed the administration and forced a sudden, shameful pullout. Jimmy Carter did not bother with the War Powers Resolution when he tried the rescue mission in Iran. Nor did Mr. Reagan when he invaded) Grenada or bombed Libya. These op ; crations were far more clearly "hostile" than escorting tankers in the Gulf, but were short-term operations; not likely to exhaust a 60-day limit. This is another puzzle.

The fixation on the War Powers Resolution is hard to understand. Congress, after all, is at liberty to express its view of any presidential use of American forces, anywhere, without waiting for the War Powers garian revolution, the admissions of Stalin's terror — in the real world.

Stalin's terror — in the realm beyond any expedition it wishes to. And it any expedition it wishes to. And it can impeach any president who fla-

grantly disregards its will on the expenditure of public monies.

In practice, of course, no one expects any such bruising showdown. Two hundred years of pushing and shoving between presidents and Con-gresses has left the question of war policy paramountcy in suspension. That was true of arguments stretching from Washington's neutrality proclamation in the war between France and Britain to the dispatch of U.S. armies to Korea and Vietnam. In all this time, no one has found a

logical solution to the war powers dispute, because none is there to beit found. The struggle is inherent, and the issues are not subject to legalistic settlement — whether by unilateral presidential cisim or by unilateral con-gressional resolution. These, like all the great issues, are issues of political comity. And the judgments of presidents (or the skepticism of Congresses) usually cannot be tested until long after the judgments must be made. Congress no doubt finds it frustrating that presidents always have the upper hand, which will re-main the case both because they can

act expeditionsly and because the movement of troops or ships is in-herently an executive function. In its nature, the Gulf question is for those reasons and others a presidential judgment call. Congress's best option, unless it wants to wheel out the really big guns, is to observe and grumble: a familiar function, if not

so constitutional as it might wish. Washington Post Writers Group.

#### 100, 75 AND 50 YEARS AGO

1887: The Death Penalty

interposing long intervals between the conviction and punishment of criminals is troubling the public mind in America. The deterrent influence of punishment is obviously dependent to a great extent on the swiftness with which it overtakes the offender. American writers begin to describe the delay in the execution of sen-tences as a "reproach upon the ad-ministration of justice." As for ca-pital punishment, it is easy to understand extreme caution in its infliction; but prolonged delay after it has been finally resolved upon can only have one advantage, that of strengthening the argument for the entire abolition of death sentences.

1912: The Din of War

SOFIA - Two Bulgarian battalions

marching on Adrianople has repulsed LONDON — The cruel system of CONSTANTINOPLE — The advance of the Montenegrin army to-ward Scutari has been checked by Turkish troops. Ten thousand Albanians have joined the Turkish forces. ATHENS — Following the blockade of Prevesa by the Ionian division of the Greek fleet, General Sapunzakis, who is in command in Epirus, has crossed the frontier and is continuing his advance in the direction of Janina

#### 1937: Wall Street Scare NEW YORK - Wall Street today

NEW YORK — Wall Street today [Oct. 19] staged a speciacular acrobatic feat by dipping to the lowest levels in two and a half years and then rallying to close in many cases well above yesterday's final prices. WASHINGTON — Administration circles expressed the opinion that the break cannot be regarded as an emergency. They pointed cart that here have captured Mustapha Pasha, the key to the Turkish positions at Adrianople. A Bulgarian army corps geocy. They pointed out that business conditions as rewealed by the Department of Commerce are good.

Directeur de la publication: Walter N. Thayer.



## Democrats: Don't Bet on the Enigma

WASHINGTON — The signs of incipient candidacy seem obvious. Mario Cuomo, the Democratic governor of New York. makes his first trip to Moscow, then impresses the establishment lions at the Council on Foreign Relations with his analysis of U.S.-Soviet relations. Aides ask political report-ers what kind of feedback they got on the address, and they inquire, oh so solicitously, how bad the damage from the "tapes incident" seems to

be for Michael Dukakis, the Democratic governor of Massachusetts. After declining scores of political invitations. Mr. Cuomo accepts bids from Democratic organiza-tions in several states. He even profits, some boosters say, from the acquittal of Geraldine Ferraro's husband. John Zaccaro, on extor- at the script of the Democratic contion charges. You can be a politically connected Italian-American in Queens and still be clean, Mr. Cuo-

mo's friends trumpet.
So the stage is being set for a late entry into the 1988 Democratic presidential race by the magnificent orator who has fascinated his party since the keynote address of the 1984 convention, and who broke so many hearts when he said he wouldn't run in 1988. Right? Wrong.

I say that not because I know what the Albany Enigma has in mind. I definitely do not. Mr. Cuomo is too smart, too subtle, too good at word games for me to decipher; interviewing him is a game be always wins. But I think it extremely unlikely that circumstances will provide the opening that the gover-nor would need for a dramatic lastminute rescue mission. Not impossible, for nothing is impossible in the bizarre nominating system America now has, but extremely unlikely.

## By David S. Broder

The plausible predicate for a Cuomo rescue mission would be a stalemate, in which no avowed can-

didate had gained a significant edge. The odds against that are heavy.

Why? Because the six candidates who are out there keep getting better. I saw three of them - Mr. Dukakis, Richard Gephardt and Albert Gore Jr. - this past week in New Hampshire. Every one has improved his stump speech markedly since I last heard him. The same is true in the tapes and television I have seen of Paul Simon and Bruce Rabbitt And Jesse Jackson was darn

good on his feet to begin with. One can make a reasonable guess test. What we don't know is who will play the leading role. My guess is that as the Democratic candidates continue to fine-time their messages. in debates and in personal appearances, one will finally get his metoncal radar locked on the target vote in the Democratic primaries and know

that he has it right in his sights. These are not slouches. You can see them moving in on the target. To assume that all six will miss com-

pletely defies probability. By the first of the year, when most members of that Democratic primary audience start paying attention for the first time, someone should have the right message ready for them.

If you want to know what will happen then, think of Gary Hart in the first three months of 1984. All through 1983, even this late in that

year, he was floundering around,

testing one theme after another,

looking for the message that would work. When he found it, you could

feel the spark jump from candidate to constituency, and he took off as if he were jet-propelled. The difference between 1984 and

this year is that there is no Walter Mondale in the Democratic field to bring the high-flyer back to earth. Mr. Moudale could do it, barely, because he had accumulated vast resources of organizational and personal loyalty over the years. Except for Mr. Jackson, no one now running in the Democratic contest has that kind of large, loyal constituen-cy. The others' lans are recently recruited and in the vast majority of cases, judging from those I have met, could shift to another candidate without much regret if it turned out that the other had "the winning mes-

sage" for the Democrats.

Mr. Jackson does have a real constituency, with passionate commitment. But everything we know at this point suggests that the Jackson constituency is substantially less than a majority of the Democrats' primary electorate.

The likely scenario will see the other five testing their messages in lowa and New Hampshire this win-ter and discovering who has the best fix on that electorate. Those who are

off target at that point will have neither the resources of their own nor the attention of the media to keep them in the race for long. My hunch is that someone will emerge pretty quickly as the alterna-tive to Mr. Jackson, and we will see a series of 65-35, 60-40, 55-45 contests The high man in those primaries will

be the Democratic nomin I don't see when, where or how the opening for Mr. Cuomo ap-pears. Which may prove how myopic these old eves really are. The Washington Post.

# HE U.S. ATTACK IN THE GULF: Vowing revenge, Iran says America is now involved in a "full-fledged war." At Liber east Paper (Continued from Page 1) confrontation with Iran, but we will be fully prepared to meet any escalation of military actions by said: "If really gave it to you, you wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." The addinitation but we wouldn't be able to print it." Possibility'

WASHINGTON —An Iraqi dein realistic possibility in the n-frag war and would be "cata-sphic" for Western interests in only fight the Senate Foreign Relational fight in the senate Foreign Relation for the senate for the senate for the senate foreign Relation for the senate for the senate foreign Relation for t as Committee concluded in a ort issued Sunday.

to end the conflict and thus "After this platform was abanat an Iraqi defeat, the United doned, U.S. Navy men went nes should step up its efforts to the United Nations to impose a some radar and communications chensive arms and economic roots on Iran, the report recom-

Iraq is under heavy military stire and its ability to with-nd Iran's assaults indefinitely is open question," the report said, ged southern port city of Basra is distinct possibility. An Iraqi defeat, which must

w be regarded as a realistic pos-ility, would immediately threat-the sparsely populated Arab if monarchies, it said. "An up defeat would be catastrophic Western interests."

The report, prepared by three leaving the White House to visit his members of the Foreign Relawife, Nancy, who is recovering ns...Committee, provides the niest assessment of Iraqi miliprospects published to date by land: "No, we're not going to have sional committee or the a war with Iran. They're not that

H

1 1 10 Cape

The administration had previ-There was no Iranian military ously denounced the Iranian Silkreaction to the attack, he added. worm missile attack, which was Mr. Hoffman said the second carried out Friday on the tanker platform was about 5 nautical Sea Isle City, as an act of aggresmiles (6 miles, or 10 kilometers) sion against Kuwait, since the tanker was in Kuwaiti territorial waters when it was hit.

The Sea Isle City is one of 11 tankers that Kuwait has reregiswere taking people off another tered to qualify them for protection U.S. convoys. Kuwait has lent support to Iraq in its war with Iran. A White House spokesman, aboard, looked around, destroyed

Marlin Fitzwater, said that Iranians on the main platform had been equipment and then left." en a warning of 15 to 20 minutes Mr. Reagan said in his statement before Monday's attack and that that the United States "has no depersonnel had been seen evacuatsire for a military confrontation ing the structure. with Iran, but the government of Mr. Fitzwater said the mission

Iran should be under no illusion was a response not only to Friday's about our determination and our ability" to protect U.S. shipping and interests. (Text, Page 7.) missile attack but also to "general provocation" from Iran in a series recent incidents. The U.S. action, he said, "is a Last month, U.S. military forces prudent yet restrained response to

attacked an Iranian vessel, the Iran this unlawful use of force against Ajr, charging that it had been sowthe United States and to numerous violations of the rights of other ing mines in an ancnora U.S. ships off Bahrain. mines in an anchorage used by Mr. Reagan said later, as he was On Oct. 8, three Iranian boats were knocked out in a clash with

U.S. forces. The White House consulted with congressional leaders before the attack but will not invoke a section of the 1973 War Powers Act that would give Congress a future veto

towers both collapsed at the time of the attack, he said.

He also emphasized what he called the "restrained" nature of

"The precision with which we tried to identify a target was proportionate to their attack by a Silkworm missile," he said.

"Our purpose was to avoid casualties, not to cause them, but at the same time to make the important political and military point."

He said he would not comment on whether Kuwait had cooperated in the attack. Three of the U.S. destroyers were

sent from the Gulf of Oman north into the Gulf after Mr. Reagan decided late Saturday to launch the attack, according to Pentagon

They gathered with a fourth destroyer and a frigate already in the Gulf and moved to within three miles of the Iranian platform.

Two F-14 fighter planes and an E-2C Hawkeye surveillance plane were dispatched for air cover from the carrier Ranger in the northern Arabian Sea. Twenty minutes before the at-

tack began, one of the naval vessels began issuing radio warnings in Persian and English over bridge-tobridge, military air distress and international distress frequencies.

"This is the U.S. Navy," came the warning, "We will commence firing on your position at 1400 hours. You have 20 minutes to evacuate the platform," Pentagon officials said two boat-

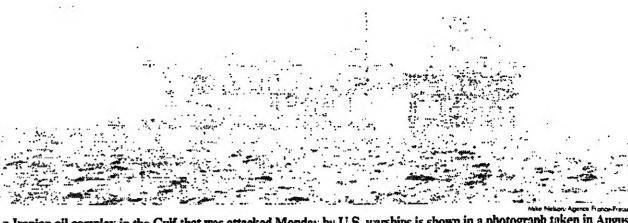
loads of Iranians were seen fleeing from the platform. The military conducted search and rescue missions with heliconters for several hours after the at-

tack. Pentagon officials estimated that 30 to 40 Iranians were on the platform before the attack. IRNA said that U.S. Navy ships had inflicted "heavy losses" on the two towers and that "some of the

civilian crew members were in-Report of Rescue Mission

Marine salvage executives in the Gulf region, speaking on condition of anonymity, said that Iranian tugboats had been seen rushing to he platform that was shelled. The Associated Press reported from Manama Bahrain

Radio monitors said they heard n Iranian voice saying, "U.S. warship, U.S. warship, let me evacuate the injured before you shoot



An Iranian oil complex in the Gulf that was attacked Monday by U.S. warships is shown in a photograph taken in August.

#### IRAN: Tehran Vows to Deliver a 'Crushing Blow' in Retaliation for Attack

(Continued from Page 1)

menei, said Monday that Washing-ton had made "a big mistake." "We will definitely retaliate and will not leave this American move unanswered," Mr. Khamenei was quoted as saying by Tehran radio. The Soviet press agency Tass condemned the U.S. naval raid as

an act of armed aggression." Among U.S. allies, Britain was quick to applaud the raid. Sir Geoffrey Howe, the foreign

secretary, said the United States was "fully entitled" to take the ac-tion in self-defense.

He said he hoped Iran would learn the lesson that continued attacks on U.S. shipping in the Gulf will only enhance the justification

for firm actions in self-defense." Other foreign ministers attending a European Community meeting in Luxembourg were either noncommittal or concerned about

further escalation in the Gulf. Leo Tindemans of Belgium said the action was "regrettable" in that it came amid United Nations efforts to restore peace in the Gulf.

Crown Prince Abdullah of Saudi Arabia, who is visiting Washing-ton, said the United States was acting within its responsibility as a superpower in attacking the platform. But he declined to say whether or not he approved of the strike. Other Arab countries did not immediately comment.

Tass drew parallels between the raid and secret sales of U.S. weap-ons to Iran. The relationship between the latest armed adventure and the so-called Irangate is obvi-

"The exposure of covert arms "The action against the Iranideliveries to Iran placed Washing-

ton in an awkward situation in the United Nations system to ensure eyes of Arab countries," Tass said, the safety of navigation in the Gulf.
"In order to smooth the impression "The Pentagon accompanied the left by the scandal and draw on its transfer of a great number of warships to the Persian Gulf under the pretext of 'defending shipping' by allies of the United States, the stubborn attempts to lay hands on

an military platform came after

consultations with the congres-

sional leadership and friendly

governments. It is a prudent yet

restrained response to this un-

lawful use of force against the

United States and to numerous

violations of the rights of other

nonbelligerents. It is a lawful

exercise of the right of self-de-

fense enshrined in Article 51 of

the United Nations Charter and

is being so notified to the presi-

dent of the United Nations Se-

desire for a military confronta-

tion with Iran, but the govern-

ment of Iran should be under

no illusion about our determi-nation and ability to protect our

ships and our interests against

unprovoked attacks. We have

informed the government of

Iran of our desire for an urgent

end to tensions in the region

and an end to the Iran-Iraq war

through urgent implementation

of Security Council Resolution

"The United States has no

curity Council.

Tass said the United States used attacks on its shipping as a pretext for "an act of armed aggression,"

WASHINGTON - Follow-

ing is the full text of President

Ronald Reagan's statement on

the U.S. destruction of an Irani-

an oil platform in the Gulf on

"Acting pursuant to my au-

thority as commander in chief.

United States naval vessels at 7

A.M. EDT today struck an Ira-

nian military platform in inter-

national waters in the central

Persian Gulf. This platform has

been used to assist in a number

of Iranian attacks on nonbellig-

erent shipping. Iran's unpro-

voked attacks upon U.S. and

other nonbelligerent shipping, and particularly deliberate lay-

ing of mines and firing of Silk-

worm missiles which have hit

U.S.-flag vessels, have come in

spite of numerous messages from the government of the

United States to the govern-

ment of Iran warning of the

side at least those Arabs who were

traditionally viewed as partners or

barked on adventurism."

Gulf nations," Tass said.

In Bahrain, Western diplomats said the attack appeared to be carefully planned not to be too provocrather than working within the ative.

**Text of Reagan Statement** 

"It's interesting that they chose something in international waters because it doesn't implicate any other nation," one diplomat said. "This was better for U.S. relations with the Gulf Arab states, particularly Kuwait."

In Washington, the attack drew (avorable responses in Congress. Senator Richard G. Lugar, Republican of Indiana, called it "ap-propriate and proportional." He said, "It was well planned, coordinated with our allies and with good consultation with the Congress.

Claiborne Pell. Democrat of Rhode Island and chairman of the Senate Foreign Relations Committee, called it a "correct and justified response.

The ayatollah asked for this and he got it," said Bob Dole of Kansas, the Senate Republican leader, "We've told the Iranians time and again that we weren't going to sit back and take their repeated attacks and provocations." Vice President George Bush said the U.S. action was "very appropriate," but added. "Nobody thinks that this will end it."

Mr. Bush said he hoped the Iranian leader, Ayatollah Ruhollah Khomeini, "irrational though he may be, will get the message

The attack came as the Senate Foreign Relations Committee issued a staff report that said the United States "seriously risks being drawn into war in the Persian

Senator Larry Pressler, Republican of South Dakota, said, "I believe we are involved in a limited war" and added, "we should be involved in keeping the high seas open. If we were to leave the Gulf. we would be abandoning our allies there." (AP, L'PI, Reuters)



nonbelligerents."

from breast cancer surgery at Be-

thesda Naval Hospital in Mary-

rewmen aboard a British-registered oil tanker in the Gulf, the Isomeria, moved sandbags the bridge of the ship on Monday to protect against Iranian attacks after the U.S. strike.

# WIN \$ MILLIONS!

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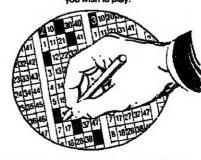
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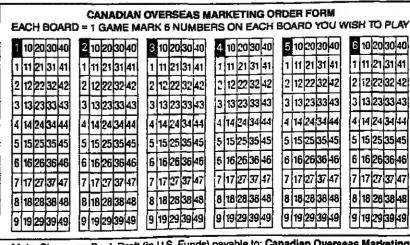
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## **UN Investigates Charge** That Military Data Was Passed On to Tehran

By Warren Gerler International Herald Tribune

LONDON - UN officials are investigating allegations by the oresident of a company specialization with the Iranians, he said.

Mr. Sills said Ocean Earth conpresident of a company specializing in analysis of satellite data who says he gave valuable military intelligence to Iran this month under the impression that he was giving it to the United Nations.

Peter Fend, the founder of Ocean Earth Construction and Development Corp., acknowledged that he was "naive." But he said in interviews that he approached the placed in touch with the Iranians. United Nations in New York out of a spirit of idealism and because his company was looking for "constructive" business.

Mr. Fend said his company. which is based in New York, believed that its satellite data could be used by the United Nations in monitoring a cease-fire in the Gulf

Instead, he said, a senior UN official from Pakistan, Iqbal Riza, organized a meeting at UN headquarters with two officials of the Iranian Foreign Ministry. They were identified as Mojtaba Mirmehdi, deputy minister for legal affairs and Mohammed Mahallati. director general for international

Mr. Fend acknowledged that he Iranian officials, but said he assumed the meeting would be held under the auspices of the United Nations and monitored by its offi-

Instead, Mr. Fend said, the only UN representative present was a videotape technician. A UN spokesman, Joe Sills, said

the organization had begun an investigation of Mr. Fend's allega-"The matter regarding the rela-tionship between the UN and

Ocean Earth is being looked into by senior officials," he said.

Mr. Riza, a director of the Office of the Undersecretaries-General for Special Political Affairs, confirmed that he had put Ocean Earth in touch with the Iranians.

"I did arrange for the meeting in the UN," he said in a telephone interview. "The UN is a public

Mr. Riza said the link between

#### Mrs. Papandreou Won't Divorce

ATHENS - The Americanborn wife of Prime Minister Andreas Papandreou said in an interview published Monday that she does not intend to divorce her husband after 36 years of marriage.

Margaret Papandreou was responding to Greek and U.S. newspaper reports that said she planned to return to the United States and file for divorce because of her husband's friendship with a 33-yearold former Greek air hostess.

Ocean Earth and Iran, as far as he was concerned, was merely com-mercial. It is between them and

tacted the United Nations a couple of years ago about the possibility of using satellite photography for monitoring a cease-fire.

"We looked at it, but did not feel it would be of use," he said. "This year, Ocean Earth came back to us with some updated material, and they also requested that they be

"We did so and arranged for them to show a tape on Friday, Oci. 9, at the UN using UN screening facilities," he said. "Officials from the Iranian UN

mission had asked us to set up the screening." Mr. Sills said. "If any member of the UN asks us to do this, we normally would comply, it would be routine. There was never supposed to be a member of the Undersecretaries-General office in attendance. What happens between Iran and this company is totally their concern."

Mr. Fend said that the Iranian officials asked Ocean Earth to deliver a 30-minute videotape of images from the Shatt-al-Arab waterway, which lies on the front with Iraq. He said the Iranians agreed knew he would be meeting with they wanted the images for military

"We told the Iranians that we were not here to do business with Iran, we're here to do business with the UN." Mr. Feod said. "Nothing is going to be delivered to anybody except through the UN, and that means Iraq and all other UN mem-bers would have access to the mate-

Nevertheless, Mr. Fend asserts that valuable information was passed to the Iranians, including details of recent Iraqi fortifica-

He said "it could be very useful" for missile targeting and other military purposes. The meeting "ended up being an intelligence transfer to Iran — courtesy of the UN.

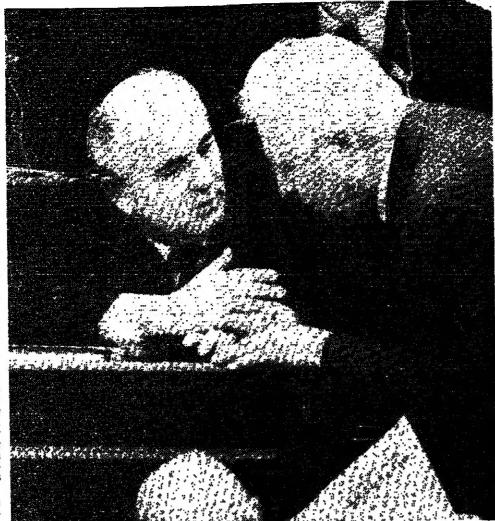
Images shown during the meet-ing, Mr. Fend said, included video recordings of photographic dis-plays obtained from the U.S. civilsatellite, Landson, and from Spot Image SA, the French civilian

He said that the Ocean Earth analysis of the data from the Gulf War zone reveals, among others things, construction of an Iraqi canal that bypasses Fish Lake, a strategic barrier along the southern Iraq-Iran border, where most of the ground fighting is concentrated.

Ocean Earth has retrieved land images, including those of war zones and environmental hot spots, such as Chernobyl in the Soviet Union, from civilian satellites since the early 1980s. It has sold the data and analyses to news media and research institutes, including the British Broadcasting Corp. and Television. Governments have not been among its customers, Mr.

Fend said. Mr. Fend also accused Mr. Riza "Marriages pass through crises, of passing on to the Iranians an especially long marriages, and ours earlier videotape of satellite images is no exception," Mrs. Papandreou from the war zone that his compatold the conservative daily Mes- ny had made for demonstration simvrini. "Is this crisis enough to dissolve a relationship that's lasted United Nations pay \$30,000 for the





Mikhail S. Gorbachev, left, spoke with Yegor K. Ligachev, widely seen as the Kremlin's No. 2 man, on Monday at the opening session of the Supreme Soviet, the nominal parliament. Nikolai V. Talyzin, chairman of the state planning committee, said at the ession that the Soviet Union was behind schedule in light industry and machine building.

## Soviet Economy Lags Behind Goals Two Months Before Major Reforms

By Celestine Bohlen Washington Post Service MOSCOW — Two months be-

fore the introduction of major economic reforms in the Soviet economy, key industrial sectors are lagging behind 1987 targets, Soviet planners said Monday.

Despite the slowdown in industrial growth, the 1988 budget pre-sented to the Supreme Soviet called for even higher goals, which some Western analysts described as unrealistic demands that could affect the reforms in their early phase.

"It seems they have given into the temptation of setting ever higher goals," said a Western diplomat.
"If they would give themselves a breather, I would be more sanguine about the success of perestroika." Perestroika, or reconstruction, is

Mikhaii S. Gorbachev's program of According to the plan announced in the Kremlin on Monday, the targeted increase in industrial output for next year is 4.5 percent, compared to the still-unre-alized figure of 4.4 percent for These persis

the Russian word used to describe

dustrial output grew only 3.6 per-cent over the first nine months of 1987, compared to 5.1 percent during the same period last year.

Some areas of the economy continued to post strong performances —in particular, energy and agricul-ture — but machine-building and light industry have persistently failed to meet targets. These two areas, considered key

to the economic drive launched by Mr. Gorbachev, were criticized Monday in a speech by the top Soviet planner, Nikolai V. Talyzin, to the Supreme Soviet, the nomina Soviet parliament.
"Certain difficulties have arisen

this year in the machine-building industry," said Mr. Talyzin, who heads Gosplan, the state planning committee. "The economy is not receiving a considerable amount of the equipment it requires."

He noted that construction time

was still twice what it should be and that many enterprises contin-ued to solicit money from Moscow

These persistent problems are

## JAFFNA: Indians in Stronghold

searching for guerrillas or their ernment when it was trying to subsympathizers due the militants earlier this year.

Relations between local Tamil people and the Indian force appear to be rapidly worsening throughout Northern and Eastern Provinces of Sri Lanka, where the soldiers are deployed. India says it has 14,000 troops in Sri Lanka, but unofficial estimates in Colombo and in New Delhi put the figure at 20,000 to

The Tamils are far outnumbered on the island as a whole by ethnic Sinhalese, who also dominate the government and the armed forces, out they are most numerous in the Northern and Eastern Provinces. The Tamils are mostly Hindu and the Sinhalese are primarily Buddhist, but there are Christians in both groups.
The Indians, once public advo-

cates of the Tamil cause and critics of the Sri Lankan government, were at first welcomed as peacekeepers who would underwrite a July 29 accord designed to end a four-year-old guerrilla war and bring Tamil militants into the political process in newly created auton-omous areas in the north and east. Now, Tamil neighborhoods are daily reporting acts of violence

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against civilians by Indian troops

Troops from the Indian Army and commandos of the Central Police Reserve Force have refused to estimate civilian casualties in Jaffna, the base of the Tigers.
But residents fleeing the city all

speak of the killing of men, women and children as the Indians advanced on the town with armored personnel carriers and tanks, razing buildings along the route. Jaffna's telephones are cut off,

and there is no electricity and little food. Many residents have fled to temples or schools, or are trying to escape the peninsula altogether.

There were persistent rumors on Monday that the leader of the Lib-eration Tigers, Velupillai Praba-karan, was hiding among 25,000 to 40,000 Jaffna residents who are said to be crowded into the historic Nailur temple. Tamils in Colombo, who besiege

new arrivals from the north, have heard that Mr. Prabakaran, still a hero to many, has sent a message to the Indians warning that if they come for him, thousands of Tamil civilians around him would die.

There were also reports Monday that the Tigers had made another appeal for a cease-fire, but that the Indians had not found their terms

In the Eastern Province, independent information is easier to obtain because telephone links are still good, and there are active citizens committees looking after local

In Batticaloa, reports are emerg-ing daily about Indian revenge at-night. tacks on the Tamil village of Saturagunda after an Indian Army convoy hit a land mine, killing 20 to 25 troops.

Separately, Prime Minister Rajiv Gandhi said Monday that India would not withdraw soldiers from Sri Lanka as long as its government permitted the troops to remain.



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1987. Economic statistics released likely to continue to dog Soviet Reveal Plans over the weekend showed that in- economic performance next year when 60 percent of Soviet industry switches away from a top-heavy system of centralized planning to the more decentralized self-financing that gives local managers great-

> Finance Minister Boris I. Gostev said the 1988 budget was based on "a fundamentally new financial po-licy" that included redistributing "more than 100 billion rubles" (\$156 billion) back to the enterprises. He did not say how the money would be used.

showed that the new quasi-private cooperative sector is beginning to take off, with more than 8,000 cooperative Figures released this week operative enterprises, employing more than 80,000 people, at work as of Oct. 1. The growth of this sector is considered another key part of Mr. Gorbachev's program.
Presenting the 1988 budget
Monday, Mr. Gostev for the first

time distinguished the publicly announced military budget - 20.2 billion rubles, or 4.6 percent of the total budget — as limited to "upkeep of personnel, payment of pensions, military construction and other expenditures.

perts have considered for years to be the bulk of Soviet defense ending. His omission was seen as the first step toward a more frank indication of the real cost of Soviet military spending, estimated by some Western experts at 13 percent of the budget.

Mr. Gostev also revealed that cutbacks in alcohol sales had cost the state treasury 12 billion rubles, more than half of the amount of money in alcohol profits realized by the state during the 1970s.

## 102 Killed In Rail Crash Near Jakarta

JAKARTA — Two crowded trains collided head-on Tuesday south of Jakarta, killing 102 people and injuring about 300, the au-thorities said.

Passengers who saw the trains headed for the collision jumped from the roofs and sides of the trains moments before the crash, witnesses said.

There was no time to warn the others," a passenger said. "We just jumped for our lives." Officials were unable to explain how the two trains ended up in a

collision course on the same track. More than 300 soldiers and policemen were sent to the site, where

Officials said at least 102 people died in the collision and that about 300 injured were sent to seven hospitals in Jakarta. The official said the collision took place at about 7:30 A.M. in

the district of Bintaro Jaya, about nine miles (15 kilometers) south of the capital.

One train was carrying 600 pas-sengers and the other 300, officials sake (rice wine) brewer from north-

Rescue workers were using saws and hammers to search through the tangled wreckage for the dead and injured. Scores of ambulances and three helicopters carried victims to

#### U.K. Jet Aborts Take-Off

Heathrow Airport on Sunday when cautious politician, that he relies on a light plane crossed its path on the quiet reasoning rather than argu-

## Sweden's Justice Minister Resigns Over Escape of Spy Left Unguarded much of its defense system after he

The Associated Press
STOCKHOLM — The Swedish justice minister resigned on Monday, accepting some of the responsibility for the escape of a convicted spy who was left unguarded

during a conjugal leave.

The justice minister, Sten Wickbom, a former judge who held the cabinet post since 1983, said he was stepping down because he had not apprised himself of vital information that might have warned him that the spy. Stig Bergling, could Mr. Wickbom said his depart-

ment had known in September that Mr. Bergling would be given a con-jugal leave with minimum security. He said he blamed himself for not finding out about the prison au-thorities' plans, although he re-fused to say whether he would have Prime Minister Ingavar Carls-

son, who announced the resignation, said the controversy over the tion leader, Carl Bildt of the Moderate Party, said he would call for a escape was limiting the minister's government shake-up and changes ability to perform his job. Mr. Carlsson later announced

that the new justice minister would ond justice minister to resign since be Anna Greta Leijon, now the labor minister. He said Ingela Tha-len would replace Miss Leijon. the Social Democrats returned to the government in 1982. His predecessor, Ove Rainer, quit after being The Wickbom resignation ap-peared intended to defuse criticism accused of taking advantage of tax

of the government's conduct in se-curity affairs, including its investi-gation into the assassination of Prime Minister Olof Palme in 1986.

The deposition of the sentence for selling security se-iffe sentence for selling security se-iffe sentence for selling security se-trets to the Soviet Union in the Parliament scheduled a special session for Tuesday. The opposi-

was caught

On the night he escaped, Oct. 5. Mr. Bergling was allowed to spend the night with his wife while in guard slept at a nearby hotel. The practice is common except for dengerous criminals, who are also granted prison leave but under ighter security.

Mr. Wickborn said his department's information about Mr. But gling "was of the character than they led one to doubt that the sayveillance on Bergling would be suf-

This I understood only last Fas-

day, 'ne said. I interpret my responsibility as chief of the ministry to mean that? cannot be ignorant of information of such a serious character." Mr. Wickhom said.

In March, Mr. Bergling was allowed his first prison leave since his conviction eight years ago. He and granted further vacations in May June and July, Mr. Wickbom said.

By July, the guard against Mr. Bergling was reduced to virtually notice

Mr. Wickborn said he had taken some corrective measures to tight en government supervision. But Mr. Carlsson said the scandal was limiting Mr. Wickbom's ability to take further action "and to rein-state the public's trust in the an-

"It is extraordinarily difficult to be minister of justice in a country where the premier is killed. Mr. Carisson said.

## Kirkpatrick CLA Men In From Cold, Sets Time to But Without a Pension By Clyde H. Farnsworth

1970s. His spying was so extensive

that Sweden was forced to revamp

Sten Wickbom

n the justice department.

Mr. Wickborn, 56, was the sec-

New York Times Service
WASHINGTON — They

By Wallace Turner New York Times Service SEATTLE — Jeane J. Kirkpatrick, the former chief U.S. delegate to the United Nations, said here that she would decide whether to run for president before the first nationally televised debate among the Republican contenders on Oct. Burma and Laos.

Mrs. Kirkpatrick, meeting with reporters before delivering a speech at the Western States Republican Leadership Conference, said, "I

ter strong urging from friends.

Bob Naylor, chairman of the California Republican Party, introduced Mrs. Kirkpatrick to the con-ference with the suggestion that she would "make a great secretary of state" or "an excellent vice presidential running mate" and was "qualified to be the first woman president of the United States."

The audience of about 700 Republicans from 13 Western states stood and applauded as Mrs. Kirkpatrick came to the podium, but it was not clear whether they were curement or research and development, which Western military exfor the speaker. All of the dozen or so political activists queried earlier about the possibility of a Kirkpat-rick presidential candidacy spoke highly of her, but added that they had already committed themselves

to other candidates. The Democrats are in a bind," Mrs. Kirkpatrick said. "They can't win unless things get worse, and things won't get worse unless they

She said found it "very disturbing" that Democrats in Congress "are more willing to trust the Soviet

Their tendency to blame Amer-As for Nicaragna, she said, Ronald Reagan asks only that the government there keep promises it made in 1979 before it came to power." She said the unkept prom-

ises were to hold free elections, to

provide freedom of the press and

free rights of assembly, and other individual liberties.

Union" on matters of national security than to trust President Ronica first is as strong as it has ever been," she said.

that he filed 17 years ago.

Mr. Watts, now a civilian emthe covert years, as against \$2,500 that he otherwise would draw.

according to William M. Leary, a professor of history at the Univer-

Secret soldiers of the Cold War. they performed their demanded duties with professional excellence sometimes at the cost of their

dropped agents and propaganda in Communist China in night missions from Taiwan ferried food and supplies through Vietminh anti-aircraft fire to the French at Dien Bien Phu in 1954, delivered weapons to anti-Communists in Ostensibly, their employers were

private commercial companies on Intelligence in the mid-1970s. with names like Civil Air Transport Co., Air America, Air Asia Co., Intermountain Aviation, Southern Air Transport. Actually, they were wholly owned subsidiaries of the Central Intelligence Agency.

At their peak in the mid-1960s.

the CIA companies together made up an airline almost the size of Trans World Airlines, operating about 200 airplanes and employing as many as 20,000 people. Now some of those employees are seeking a token of government recognition. They have applied for credit toward government pensions for their years as the covert troops of the Cold War.

But the government, refusing to acknowledge activities of the intelligence agencies in private business has numed the employees to seek redress either through the civil service or the courts.

Although many of the CIA companies have long been closed, the requests for pension credits trouble the agency because they could lead to disclosures of activities that it has never officially admitted and that are undoubtedly continuing today in other forms.

One of the early warriors, Roy F. Watts, served 15 years with three CIA companies and made 33 air drops flying C-119s over Dien Bien Phu in the spring of 1954. He has just petitioned for a Supreme Court review of a case for pension credits

ployee of the navy who has 23 years of recognized government service, would take home \$4,000 a month if he retired now with credits from He was one of the pilots who,

sity of Georgia, "flew without pro-tection, and benefits, of a uniform.

Mr. Watts worked for Civil Air Transport, Air Asia and Inter-mountain, all identified as CIA companies by a former agency director, William E. Colby, in hearings conducted by Senator Frank Church's Senate Select Committee In addition to making low-level

cargo drops at Dien Bien Phu, Mr. Watts flew into China at night without navigational aids or weather information. He often landed by bonfire and flashlight, under fire, to pick up personnel.

There sure were some hairy moments." said Mr. Watts. 63, who works in Crystal City, Virginia.

What angers Mr. Watts and his fellows is that when the CIA companies were dismantled in 1975, some foreign employees fared byteter than the Americans. One of Air America's biggest

bases was in Taiwan. Records produced under the Freedom of Information Act showed that the air force paid \$4.5 million to the Taiwan government to cover retirement and severance benefits for down and has blocked their efforts nearly 1,000 Taiwanese employees of Air America. President Chiang Ching-kuo of Taiwan had refused to let assets

owned by the American government be removed or transferred to new owners until a settlement was reached with the local employees, some of whom had worked for the CIA company for 25 years.

Other American airmen, foiled in their own efforts to obtain the pension credits, are closely following the Watts case, "I was a believand crew chief who became assistant vice president of Air America in Laos. After leaving Air America in 1975, he sold Hughes belicop-

"I busted my gut for 28 years Mr. Hickler, who is now retired, said in a telephone interview from his home in Escondido. California. "I figured all the time that I was part of the government. There was no difference between what I was doing and others who were working for the agency. But they got the government benefits, and I did not. It's not fair."

## **IAPAN:** Takeshita to Lead Party

(Continued from Page 1) the prime minister's office that they would cooperate with Mr. Take-

An aide to Mr. Nakasone said that both men would be given se-nior positions in the Takeshita administration, either the deputy premiership or the position of party secretary-general.

elected prime minister by parliament, probably on Nov. 6, party sources said.

Mr. Takeshita will be formally

after five years in the post. Political analysts say that one of Mr. Nakasone's main concerns in the political give-and-take of recent days has been to try to retain as much influence as possible over the next administration.

west Japan, served in the Japanese Army during World War II as an He was appointed secretary-general of the Liberal Democratic Par-

Mr. Takeshita, the eldest son of a

ty following the party's stunning victory in the general elections of July 1986. He served as finance minister be-

tween 1982 and 1986, but many LONDON - A British Airways political analysts say he lacks inter-Boeing 737 bound for Stuttgart was national experience.

Observers say that he is an ultra-

"It's better to avoid ill-will In Adjourned among people if at all possible," he

was once quoted as saying.
"There should be consensus," he said. "You gain nothing from getting angry. Listen to what others tell you, even if it sounds foolish." Mr. Takeshita became leader of the largest Liberal Democratic Party faction when the faction of former Prime Minister Kakuei Tana-

dominating Japanese politics for 15 He had struck out on his own in Mr. Nakasone, 69, is due to retire February 1985 when he formed his own policy group within the Tana-ka faction, just 20 days before Mr. Tanaka suffered a severe stroke.

ka disintegrated in July 1987 after

In 1958, at 34, he was elected to the lower house of the national parliament. He served as chief cabinet secretary both under former Prime Minister Eisaku Sato and Mr. Ta-

When Mr. Nakasone took office in November 1982, Mr. Takeshita was again appointed finance minister and remained in the post until becoming secretary general of the Liberal Democratic Party.

U.S. Aide to Visit East Berlin

BERLIN — Deputy Secretary of State John C. Whitehead will travel to East Berlin next month, becoming the most senior U.S. official to visit East Germany

## Kasparov Leads 4th Chess Game

SEVILLE. Spain (Reuters) -The fourth game in the world championship chess match was ad-journed Monday with the champ-on, Garri Kasparov, having exterlent chances to win the game. Mr. Kasparov, 24, sealed his 41st

move in the adjournment envelope

after five hours of play Monday with two pawns more than the chalenger, Anatoli Karpov. Mr. Karpov leads in the match

by two points to one. The first player to reach 12 and a half points The majority of grandmasters attending the match said that Mr. Kasparov's advantage should bring him a victory and equality in the

match, although some said Mr.

Karpov's active pieces gave him chance to hold a draw





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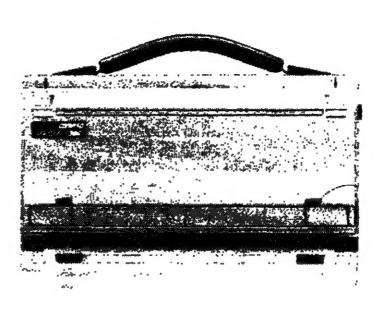
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## ARTS/LEISURE

## Lagerfeld Puts Chanel in a Playpen

New York Times Service DARIS - If Karl Lagerfeld per-

I sists in rejuvenating the House of Chanel at his current rate, the clothes will soon be perfectly suited to the playpen set. Right now, they are fine for young teen-agers, the group that is called "juniors" by United States retailers. The Tshirts read Chanel instead of Prince or Madonna, but the skirts are short enough, the child-size chain-

#### PARIS FASHION

handle bags small enough and the sneakers, mary james, anklets and knee socks familiar enough to appeal to the young set.
The classic Chanel jacket has

been almost completely transformed into a short fitted or swingy style in baby-colored plaids, such as pink, yellow or blue with cream. Equipped with tightly wrapped or flounced short skirts, the Chanel suit now looks as if it were born vesterday instead of 50 years ago. Gone are the braid edges, along with the just-below-the-knee hemlines. The springy new versions may pose some problems for women who have found classic Chanel a security-blanket fashion, proper

For them, Lagerfeld does indeed produce some longer jackets. There's one in beige linen for example, with a shapely facade decorated with a double row of gold but-tons, another Chanel trademark. It was, however, shown with matching trousers, not exactly the allpurpose (ashion choice. Other long jackets almost totally concealed the skirts that accompanied them.



al reinforcements for the swinging would exemplify good taste anywhere in the world. There are many

Chanel image. Some of the more interesting adkirts that accompanied them.

In addition to skirts, there were ditions to the Chanel repertory inlso knee pants or shorts, additionvolved black lace. A short black chemise dresses and pulfed-sleeve shirtwaist styles for day as well as shirtwaist styles for day as well as of the more interesting with serenity, including tapered white crept presses with a series are some of the things she shirtwaist styles for day as well as of the more interesting with serenity. Including tapered white crept presses with a serenity shirtwaist styles for day as well as of the more interesting with serenity. lace skirt, for instance, accompa-nied a black leather jacket. Lace pants were worn with black Tshirts. A white satin sleeveless tunic givenchy shows ruffled cotton was finished off with a black lace nimiskirt. Ines de la Fressange, the es with many tiers of ruffles, lifted model who represents the Chanel image, wore it with long black leather gloves. Big bouffant skirts, draped like

lonce and for all.

Hubert de Givenchy did not set out to change the world of fashion.

His clothes exemplify a lot of old fashioned virtues. They're wearable and attractively proportioned and the colors are pleasing. A perfect linen suit has a green jacket with blue lapels repeating the blue of the skirt lis shoulders are suggested from the suit base of the suit has long been associated. So there are flowered pants with striped shirts and big



The long, the short and the tall, at Kenzo (left) and Chanel (center and right).

other styles a woman could choose leather jackets and skirts in glowing colors. For lighter moments, in front to show the legs. Gi-

leather gloves.

Big bouffant skirts, draped like
Viennese lumpshades, bouncy taffeta baby dresses and bold flower

leather gloves.

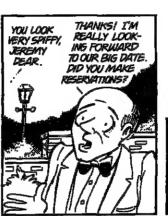
Two Japanese designers have been seamlessly incorporated into the French fashion scene. Once the prints were among the myriad fash-wild man who injected energy and ion ideas that are destined to excitement into the ready to wear change the stately Chanel image showings, Kenzo now makes simple, well bred clothes with a chic

Hange Mori's clothes are for the sophisticate. Sequined shifts, tai-lored leather suits and black or Neither designer is a pace-setter,

but both show attractive clothes.

#### venchy's clothes are always com- DOONESBURY









## Playful 'Magic Flute' Reopens Historic Theater city's major concert, opera and bal-

By David Stevens

extensive decorative and technical renovation of a building that is one of Paris's historic and architectural monuments.

In any case, this was a playful "Magic Flute" that looked back more to its origins in Viennese popmonuments.

The rehabilitation of the public areas of the building is a pure delight. The theater, the product of the enterprise of the impresario Gabriel Astruc and the financier Gabriel Thomas, and the architects Henry van de Velde and Auguste Perret (one of the pioneers of reinforced concrete) is a monument of forced concrete), is a monument of Art Deco a decade or so before the fact, and the first 20th-century building in Paris to be classified a historic monument. The relief culptures and frescoes of Antoine Bourdelle, the ceiling of Maurice Denis, the Lalique lamps have been lovingly restored, as have the armchairs that make the orchestra level one of the most comfortable the-ater auditoriums anywhere.

It is also historic if only because it was the site of the uproarious first performance of the Stravinsky/Nijinsky "Sacre du Printemps" on May 29, 1913, less than two months after its inauguration on March 31 with a performance of

The radical modernization and PARIS — The new production

of "The Magic Flute," besides being a continuation of the Mozart chinery should eventually make the chinery should eventually make the opera cycle of Daniel Barenboim and the Orchestre de Paris with work in, when it starts working. Jean-Pierre Ponnelle as director-designer, celebrates the real re-Flute" owed more to Ponnelle's inopening of the Theatre des genuity and ability to switch con-Champs-Elysees as a theater (as cept in midstream than to the ex-opposed to a concert hall) after the ploiting of new technical marvels.

ular theater than to the weightier symbolism, and the proliferation of Ponnelle's ideas for moving his characters around may have just been a way of thumbing his nose at recalcitrant technology.

The orchestra was at the edge of the stage — the strings in a shallow pit, the other instruments at stage level — and the action took place around it, above and behind, on a ramp between orchestra and audience, in the audience and even in the wings. A moon and a sun de-scended from the flies according to symbolic need, the Queen of the symbolic need, the Queen of the Night had a panophy of stars to accompany her, and the three portals of Nature, Wisdom and Reason were rearranged to suit the needs of the moment. The dragon chasing Tamino was long enough for its head to leave the stage by one route and re-enter by another while its tail was still on stage, and the children who provided its pedal extremities ended up joking with months after its manguration on March 31 with a performance of Berlioz's "Benvenuto Cellini" under Felix Weingartner (a concert performance the same work reopened the theater on Sept. 23). It has never ceased to be one of the

ing in the foliage. And so forth.

But Ponnelle went further than sight gags, looking for character ambiguities. Tamino has a moment of faltering when the ngers of moral testing exasperate him almost to adopting Papageno's lifestyle, and the two priests accompanying Tamino and Papageno have distinctly different personalities, one decidedly more easygoing. Barenboim, from his podiam in a

IN THIS

China Rev

Asian Hut

central aisle dividing the orchestra in two, was sometimes drawn into the action, but mainly he led an grandly expansive account of the score — except at moments when the expansiveness threatened to bear come motionless. Those moments and the inclusion of substantially complete spoken dialogue, made

for a long evening.

The generally fine cast was headed by David Rendall 1s a splendid Tamino, heroic without sacrificing the role's lyricism, and Joan Rodgers's radiant soprano made her a Pamina to match. Christian Boesch's Papageno was expert and authentically Viennese, although long experience in the part has prolong experience in the part and vided a slight surplus of gags. Philip Kang's solid bass had Sarastro's notes if not the lordly weight of the role, and Eva Lind did the Queen of the Night's coloratura exercises neatly. In the orchestra, Michel Debost played magically indeed for the sound of Tamino's flute.

At the Opera-Comique, Jean-Louis Martinory has added "Il Tabarro" and "Suor Angelica" to his existing production of "Gianni Schiechi" to give the company a complete Puccini triptych, and to give Leona Mitchell a trio of varia-roles in which to deploy her vibrant lyric soprano.

She and Jean-Philippe Lafont made a powerful Giorgetta and Michele and Hans Schavernoch evocatively converted the Salle Favart's stage into a barge deck for the opening Grand Guignol one-acter. She did everything that pure vocalism and straightforward acting can do to overcome the mawkish semi-mentalism of "Suor Angelica," and finally made the radiant best of her one moment, "O mio babbino care," in a performance that other-wise belonged to Gabriel Bac-quier's Schiechi. Marcello Panni conducted well-paced readings.

"The Magic Flute," Théâtre des Champs-Elysées, Oct. 21, 23, 25, "Il Trittleo," Opéra-Comique, Oct. 27,



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THIS SPACE HAS BEEN

# Telecommunications

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The dismanting of EC trade barriers in 1992 has sent French industrials scrambling to stengthen operations for a new European

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Thefonica has been a consistent market mak-

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Complaints about British Telecom following granization appear to have made it a good why rather than a good service.

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foreign suppliers scramble to gain entry to he world's largest undeveloped market as thina enters the information age.

### Australian Push

Prime Minister Bob Hawke spearheads a mive to privatize the communications indus-ing in a bid to restructure the economy.

#### Asian Hub

Singapore's small size and compact population have made it quicker, easier and cheaper to build an advanced network than in bigger heighoring countries.

#### Third World VIII

the divide between telecommunications aves and have-nots appears to be lessening.

## Third World **Slowly Forging** 'Missing Link'

By Sir Donald Maitland

ONDON - The least remarkable conclusion reached by the Independent Commission for Worldwide Telecommunications Development was that there was no single remedy for the uneven distribution of telecommunications across the world. A range of actions at different levels would be needed. The objective set by the commission of bringing the whole of mankind within easy reach of a telephone by the early part of the 21st century would be achieved only if all those who carried responsibility in this field were to join in a sustained effort.

For this reason, in its report, "The Missing Link," the commission addressed its 29 recommendations variously to governments of industrialized and developing coun-

#### Commentary

The author was chairman of the Independent Commission for Worldwide Telecommunications Development from 1983 to 1985. Since 1986, he has been deputy chairman of the Independent Broadcasting Authority in Britain.

tries, to international agencies, telecommunications operators, equipment manufacturers and finance houses.

These recommendations had four broad aims: to ensure that investment in telecommunications was given higher priority, to improve existing networks in developing countries, to take account of foreign exchange prob-lens, and to make the role of the International Telecom-

munication Union more effective. The commission believed that the key to progress lay in persuading developing countries about the essential contribution telecommunications make to economic and social progress, to national cohesion and the quality of life, and of the hazards of neglecting this sector when drawing up their development plans.

Once this message was understood, higher priority would be given to investment in telecommunications; this, in turn, would open the way for the other actions recommended by the commission. The secretary-general of the ITU shared our view. When I presented the commission's report in January 1985 he had already decided that this message had to be brought home to those concerned at the highest political level. What

Continued on page VII



Finishing Tower of Babel

## **Prosperity Lies** In Establishing **Global Network**

By Amiel Kornel

ARIS - Ever since Babel, men have equated communications with power. Con-founded by a sudden multiplicity of languages, goes the biblical tale, ancient builders deprived of their ability to share information were unable to complete their celestial tower.

Motivated by more terrestrial concerns, modern nations and businesses,

seeking to fortify the foundations of their future growth, today recognize more than ever the critical role played by communications in the quest for economic and financial prosperity. As business users clamor for more

advanced communications equipment and services, information-technology companies are being forced to leap over national and technological fron-

"Clearly, there are market forces pushing these companies to look into new areas," said Kim Myhre, chief communications consultant at market researchers International Data Corp., based in Framingham, Massachusetts.

The capacity of a country to visualize what an advanced telecommunications network can offer has become one of the keys to growth.

There must be an economic consensus on telecommunications as a superior tool for business and society, said Jean-Pierre Cossinet, director of technology programs at management consultants Booz-Allen & Hamilton

As that consensus grows, governments become eager to modernize tele-communications infrastructure and open competition in hitherto closed

ing economic opportunity. There is a tremendous demand for services that are available globally." noted Midhat Gazale, president of AT&T France, "Countries that won't be able to cope with that reality might be bypassed."

Industrialized countries began investing heavily in expanding public networks in the mid-1970s after waking up to the link between telecommunications and economic prosperity. Voice telephone installations in many countries now have reached near-saturation levels, according to the Paris-

based Organization for Economic Co-operation and Development. By 1985, the 24 OECD member nations had installed 318 million telephone main lines, or 78 percent of the world total. That same year, those countries' investments in telecommunications networks totaled \$49 bil-

Developing countries are also hurry-ing to lay the electronic pipeline that will fuel their economic growth. Eager to eatch up with the rest of the world, their public telecommunications networks are showing the fastest growth (up to 13 percent annually in some Asian countries), turning them into the main battleground of the largest equipment suppliers.

By 1990, annual worldwide expenditures for public networks will total \$125 billion, according to Arthur D. Little, consultants based in Cam-

bridge, Massachuseus. With their objectives of expansion largely attained, many governments have begun upgrading networks to handle the digital information generat-

Continued on page II

tween 1dness Small.



**STAND 320** 





## Telecommunications Revolution Highlights European Differences

Europe's heterogeneity means that the strains imposed by the telecommunication upheaval are arguably more profound than in, say, the United States or Japan.

By Giles Merritt

RUSSELS - The romantic overnight train journey from Paris to Madrid offers a vivid example of what happens when Europe gets things wrong. Instead of sleeping peacefully through the might, the unfortunate traveler is roused at 2 in the morning by a cacophony of loud noises.

At the border town of Irun, the Wagon-Lits and couchette carriages are lifted bodily and

swung onto different bogies, for Spain's wide gauge railway system cannot accept trains from elsewhere in Europe. It is one of the reasons that Spain until recently had long stagnated as an industrial power.

It is also a lesson for Europe now that

Europeans are wrestling with the difficulties created by the telecommunications revolution, Telecommunications will be at least as important to the 21st century as railways were to the 19th, and the problems of standardization are perhaps a hundred times greater.

The telecommunications revolution is curreatly highlighting the various European countries' industrial and political differences as no other technological phenomenon yet has. Europe's heterogeneity means that the strains imposed by the telecommunication upheaval are arguably more profound than in, say, the United States or Japan.

At stake for many European nations is the survival of the huge telecommunications com-panies that are their high-tech national champions. At the same time, Europe's industries are all crying out for the most efficient tele-communications services and infrastructures as a vital part of their own strategies for regaining international competitiveness.

The heart of the telecommunication revolution is, of course, the advent of computerized digital telephone exchanges. The world's top 12 telecommunications giants have between them spent more than \$10 billion on developing their own versions of the new microchippowered switchgear that will be the basis of the coming transformation of telecommunica-

Within a few years, the long-heralded "electronic village" will become a reality, thanks to optical fiber cables and digital switchgear that will be able to handle a sophisticated mixture of different services. These will range from the familiar voice telephone to high-speed "interactive" services in which the customer can put questions to the computer and even to the

The market for digital switchgear and for the next generation of goods and services that would be carried by the new Integrated Ser-vices Digital Networks (ISDNs) is huge. EC officials in Brussels reckon that by the turn of the century 7 percent of European Community countries gross domestic product will result from telecommunications, instead of the present level of 2 percent. They also forecast that over 60 percent of all jobs in the EC may by then depend on telecommunications.

In money terms, it is hard to put a meaningful figure on a market that is snowballing so rapidly. Today's world market for both equipment and services in those Siamese twins of communications and information technology is being put at over \$500 billion. At the same time, analysis estimate that the worldwide telecommunication equipment market will by 1989 have reached \$85 billion, or al-

most double its size five years before.

What these multibillion-dollar forecasts tend to disguise, however, is the grim arithmetic of staying in business during such a period of turnoil. The market for digital switchgear and associated equipment is neither large enough nor growing fast enough to allow all the major telecommunication giants to recoup their development costs, let alone flourish side by side as the telecommunication revolution gathers momentum.

The greatest threats to companies' survival, needless to say, are in Europe, where the sizes of national markets are insufficient to guarantee a company an adequate return on research and development investment costs. To cover the \$1 billion or so invested in the development of its switchgear, a manufacturer needs sales of at least \$14 billion over the 10 years after it has launched its product.

Not one of the national markets in Europe is worth that much. The West German market amounts to \$11.7 billion for the decade up to the mid-1990s. France is worth \$10.9 billion and Britain \$7.2 billion. With the yearly cost of keeping just the computer software on a digital switch system now being put at \$100 million. telecommunication manufacturers are under no illusions about the pressures on them.

Giant European companies, like West Germany's Siemens, have said that major export contracts will be needed to help pay off the development costs of their switchgear. Some experts have estimated a switch manufacturer needs 10 percent of the world market to cover costs, while Siemens has said it requires 15 percent of worldwide sales for its EWSD sys**Forging International Alliances** 

in Europe, national markets are too small to provide sufficient return on investment in digital switch systems. Major companies are joining forces, mostly across frontiers, to improve their posi-

Transationtic

million.

AT&T has joined with Phillips of the Netherlands in a venture. colled APT, worth \$31.6 million. as well as with Telefonica of Spain and Olivetti of Italy. GTE, the third ranking U.S. switchmaker, is allied with Siemens in a venture worth \$420°

Northern Telecom Ltd. of Canada earlier this month bought a 27.8percent share in Britain's STC for \$730 million.

Britain

GEC and Plessey first joined forces to develop a single switch. gear, System X. They now are merging their telecommunications businesses into a \$2-billion-ayear company. Plessey, through its subsidiary Stromberg Carlson is making gains in the United States.

CGE merged its Alcatel telecommunication equipment concern with ITT's European telecommuni-cation activities to create the world's biggest single digital switch manufacturer, with ITT System 12 and French E-10 systems.

tighter and Telettro merged to

The effect of these pressures has been to push the telecommunication giants into a series of hurried alliances. The latest of these has been inside Britain, where GEC and Plessey, the two companies that jointly developed a single switchgear called System X, are to go a step further and merge their telecommunica-tions businesses into a \$2-billion-a-year com-

Yet that may not be enough to ensure that System X survives. Many other European telecommunication companies have opted for cross-border marriages. At the start of this year, France's privatized CGE (Compagnie Générale d'Electricité) merged its Alcatel telecommunication equipment concern with the European telecommunication activities of ITT. That created the world's biggest single digital switch manufacturer, although with both the ITT System 12 and French E-10 systems.

Other trans-frontier links have included the Italtel and Telettra merger in Italy, to create Telit, and a three-way alliance between Sweden's Ericsson and Matra and CGCT of France that will enable the Swedish company

to sell its AXE switching system in France.
Trans-Atlantic alliances, meanwhile, have also flourished, with AT&T and Philips involved in a joint venture called APT, and Siemens the senior partner in a deal with the No. 3 U.S. switchmaker, GTE.

All the signs are, though, that these linkups are just the beginning. There are still 12 major switch manufacturers, and there is probably only enough business for six to eight of them. The smaller ones, like the British and Italian groupings, may not last the course, while the other national champions around Europe may have to join forces with their present-day com-

The market logic of the situation should thus be impelling the European producers to use the mechanisms of the EC to create a single European market for telecommunication equip-ment. Instead, the truth is that they have paid much lip service to the ideal of European integration, but have not been prepared to see their captive national markets opened up to competition from elsewhere in the EC, let alone from the United States or Japan.

Ericsson has joined forces with

France's Matra and CGCT to en-

able it to sell its AXE switching

system in France.

Between 70 percent and 90 percent of all telecommunication equipment sales in Europe are controlled by national governments' public procurement contracts, and these are jealously

closed to foreign suppliers.

The European Commission published in mid-year a long-awaited green paper on the development in the EC of a genuinely common market in telecommunication goods and services, and put forward in this discussion paper its own framework proposals for ways in which EC countries should liberalize their telecommunication markets and allow freer competi-

The Brussels authorities' concern is to breathe fresh life into telecommunication as well as into other high-tech areas like computers and semiconductors. Curtailing the monopoly powers that have gripped much of Europe's hoped, give a new dynamic to the sector.

Specifically, the EC Commission is proposing that, while voice communication, the telephone, may best be controlled by national PTTs, there should be liberalized markets for services, terminals and network equipment.

The EC's green paper has been well received by the European press and by the member governments. What nevertheless remains to be seen is how much of its liberalization proposals will eventually be adopted by the member

Europe's track record for joint action and cooperation in areas where "vital national interests" can be invoked is notoxiously poor. The alternative, however, is the even more unattractive prospect that Europe would trail behind the rest of the industrialized work

GILES MERRITT is a journalist based to



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## Prosperity Lies in Modernization

Continued from page I

ed by computers. About 10 million digital local in the United States in 1986, according to market analysts Northern Business Information Inc. of New York. This figure compares to four million lines in 1984 and eight million in

Once in place, an advanced network stimulates demand by business users and, by consequence, the growth of markets for private communications equipment and services.

According to analysts Dataquest Ltd., the European market for private communications equipment in 1986 totaled \$7.9 billion and is expected to rise to \$11.2 billion by 1991. The U.S. market, evaluated at \$13.7 billion last year, should total \$20.3 billion at the end of the five-year period, predicted the London-based

Companies once content to limit their information processing to computers located on their premises are now linking up their systems with far-flung affiliates and other business parmers. In some large companies, communications needs are estimated to be growing by up to 40 percent a year, according to a user survey conducted last year by the Roundtable of European Industrialists.

Financial institutions, multinational corporations and airlines are among the most de-

Last July, for example, a group of four European airlines (Air France, Iberia, Lufthansa and Scandinavian Airlines) accounting for 60 percent of the scheduled European at market, announced plans to spend \$300 million on the creation of a travel information and reservation network. Dubbed Amadeus, the system is to be fully operational within two

With effective telecommunications now recognized as critical to a company's success, business users have become a driving force in the industry. User organizations are pressing for political and industrial policies that protect their growing investments while enhancing their communications capability.

Foremost among their concerns are the definition and implementation of industrywide standards and the liberalization of markets. The business imperatives of the international marketplace mean technological and political frontiers must be broken down, they say. "Standards and standards-making are para-

mount," said George McKendrick, executive director of the International Telecommunica tions User Group (INTUG).

INTUG and other organizations have been promoting efforts by the International Standards Organization and the Consultative Committee on International Telephony and Telegraph, both in Geneva, to define industrywide communications protocols that would assure the inter-operability of equipment from different manufacturers. This is particularly crucial as Integrated Services Digital Networks (ISDN) that offer the possibility of transporting vastly greater volumes of digital information begin to appear.

Users and information-technology companies as well at the Commission of the Eugene

nies, as well as the Commission of the Europe-an Community in Brussels, also have been pressing governments to ease their hold on

equipment and services markets.

"The globalization of the business is driving the globalization of deregulation," said AT&T's Mr. Gazalé.

While telecommunications authorities in the United States, Japan and Britain have been privatized or deregulated, government minis-tries in other industrialized nations continue to maintain a monopolistic domination over the provision of services and the procurement of

But Europe seems to be finally on the verge of market liberalization.

"There will be drastic changes," predicted Ernst Weiss, former president of INTUG, not-ing that France and West Germany have recently shown signs of following up on promises of liberalization. "Most of Europe was waiting to see what Germany and France would do, he explained.

On Sept. 25, the French Ministry of Posts, Telegraph and Telephone, or PTT, took its first official step toward opening the telecommuni-cations market with the publication of a series of decrees that allow private firms to resell to third parties value-added network services (VANS) operated over leased lines.

IBM rushed to take advantage of the crack in the country's telecommunications monopoly, announcing Oct. 10 the formation of a joint VANS venture. Called Axone, the network is owned in conjunction with French financial institutions Paribas and Crédit Agricole, and software and services company Sema-Metra. Other companies, including Italy's Ing. C. Olivetti & Co., have also expressed an interest in entering the liberalized French VANS mar-

France is also studying bids for what will become the country's second supplier of cellular telephone services, another area where comperition has until now been absent.

Similarly, West Germany's PTT, the Bundespost, announced on Sept. 21 that the country's markets for enhanced telecommunications services and terminals will in the future be open to competition between private suppliers.

France and West Germany, as well as other European governments, have been under pressure from the EC Commission to open up the telecommunications markets. On May 26, the Commission issued a green paper concerning the development of a common European market for telecommunications services and equipment. Among the proposals outlined in the document, the commission calls for the "unre-stricted" provision of value-added services and terminal equipment among the EC's 12 member nations.

The green paper has been applauded by users and industry. Helmut Schmidt, vice president for telecommunications at IBM Europe in Paris, called the EC document "a blueprint

of how governments should go about liberaliz-ing their markets."

With the promise of industrywide standards and open markets looming on the horizon, information-technology companies are scrambling to adapt their strategies to the new com-mercial environment. They are increasingly finding themselves obliged to venture into unfamiliar turf as they diversify their activities

both geographically and commercially.
"We're just beginning to understand the international opportunities that are open to us," said Richard Yarbrough, vice president for public relations at BellSouth Corp. in Atlanta, one of the seven regional operating companies born of the divestiture of AT&T in January 1984.

And with deregulation advancing, European and North American companies are crisscrossing the Atlantic in search of new business "The best way to proceed internationally is by forming alliances and partnerships," said Charlie Coe, president of BellSouth International, the company's international marketing

AT&T and Canada's Northern Telecom Ltd., the two leading equipment suppliers in the United States, have formed alliances with major European communications firms in their efforts to penetrate the still closely protected European market.

AT&T has hooked up with N.V. Philips of the Netherlands, Telefonics of Spain and Oli-

Northern Telecom earlier this month bought a 27.8 percent share in Britain's STC PLC for \$730 million. "Northern Telecom is trying to use its strength in North America to move more forcefully into international markets," explained a company spokesman, Russel Plamley, in London.

After divestitute, European firms began hungrily eyeing the U.S. market. West Germany's Siemens AG, Sweden's Ericsson and Britain's Plessey (through its U.S. subsidiary Stromberg Carlson) are chalking up sizable contracts for public network installations. Ericsson has predicted annual orders for 100,000 lines for the next five years.

But the going is sure to get rougher as operating companies complete installing digital networks and the demand for public com-

munications gear levels off.

And adapting to a global market can be a painful and difficult experience for a company. "How can some of these previously protected companies succeed when they are confronted with companies that have experience com-peting in international markets?" asked Jean-Marc Harion, consultant at International Data

Corp.'s Paris office.
While geographical barriers fall, distinctions between information-technology sectors are starting to blur. Companies can no longer confine themselves to selling only computers, networks, terminals or services.

"In the long- and medium-term, computers and telecommunications will be undistinguish-dable," predicted Mr. Gazalé, "both in terms of technology and applications." AT&T entered the computer business after 1984, most notably through a cross-marketing agreement with Oli-

IBM Corp., the world's leading computer maker, has made several moves in recent months to carve out a strong position in this area, including the buyout of equipment supplier Rolm in the United States.

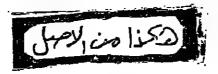
"Networks are where we're seeing the priori-ty of our customers," said Mr. Schmidt of IBM. "We believe, and see evidence of the faca, that telecommunications is becoming the in-frastructure of information processing."

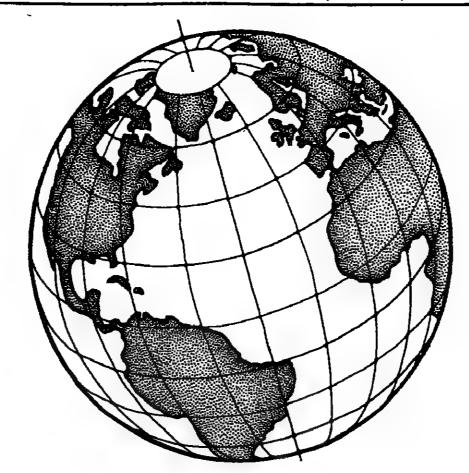
If mergers, acquisitions and alliances have become the leitmotif of the communications industry, it is not only because of the geographic, technological and commercial synergies involved. The gargantuan level of financing required to compete in the new international elecommunications game has made such tie-

ups incluctable.

The barrier is the financial power of carriers to replace existing networks and of equipment manufacturers to develop new products through R&D," Mr. Coffinet said. "Those who can't afford those developments will be killed."

AMIEL KORNEL is the European editor of IDG Communications Inc. of Framingham, Massachusetts.





Tences











THIS IS THE YEAR THE WORLD GOT SMALLER.



On January 1st, a major new force in communications systems was born. The merger of Alcatel with ITT telecommunications manufacturing companies formed a network spanning 110 countries worldwide, which provides a unique ability for local partnerships and the transfer of technology.

Alcatel N.V., Avenue Louise 480, B-1050 Brussels, Belgium.

ARIS — French government and in-dustry leaders orchestrating the virtu-al overhaul of the French telecommunications industry have taken each step with their sights trained on the interna-

Only the world market can fuel such giants as the Alcatel N.V. telecommunications equip-ment manufacturer and the Direction Générale des Télécommunications (DGT). France's government-run telephone company.

And the much-heralded dismantling of Eu-

ropean trade barriers in 1992 has sent French industrials large and small scrambling to strengthen operations at home while building European alliances addressing a new European

The international mandate is palpable.
At the French-controlled Alcatel, for example, the official language is now English.
When Marcel Roulet took over as the DGT's director general earlier this year, he made business calls to London and the United States

before ever meeting with key French custom-And at France Cables et Radio, a DGT subsidiary, a dynamic team of engineering consultants makes regular raids on Britain for

coveted private network contracts. Taken alone, last January's merger of Alcatel with ITT Corp.'s telecommunications subsidiaries put the French among the world's top

stoartes put the French aming the world's top telecommunications equipment suppliers.

But the restructuring of the French telecommunications industry has not stopped there.

In the services sector, the DGT is being streamlined, with 2,000 out of 165,000 jobs eliminated last year alone. The French minister of posts and telecommunications, Gérard Longest has floated a law that would overhald the guet, has floated a law that would overhaul the DGT's structure. And already within the tele-phone company, reorganizations are taking place to enable the company to better address

ASSENSED TO THE CONTRACT OF TH

The dismantling of European trade barriers in 1992 has sent French industrials scrambling to strengthen operations for a new European market.

The DGT's telephone rates are being rebal-anced, its rules of operations changed and its required contributions to the state Treasury challenged — all in preparation for the open-ing of competition in advanced telecommunications services.

"France is in a good competitive position,"
Mr. Longuet said last month.

The country's modern telephone network, which has a high percentage of lines that are digitalized to carry computerized information, is often cited by Mr. Longuet and other French officials as a key to this position. France is also a world leader in providing the so-called pack-et switching services among computers over its public Transpac network. Its Minitel has been a solid success while similar videotext net-works in other countries have failed.

The DGT also announced last month that it had become the first to commercialize the Integrated Services Digital Network concept of future telecommunications. ISDN provides telephone calls, computerized information, documents, television and other services all over a single line leading to a multifunctional

By getting these services up and running before some of its foreign competitors, the DGT is not just preparing for eventual compe-tition at home. It is increasingly looking to leverage its network-development experience

to market products and services on the world

The DGT has set up six offices abroad, plans to enter joint ventures in foreign countries to offer sophisticated communications services, has gotten a contract to set up a Minitel network in the United States, has launched its satellite whose signals cover Europe and part of North America and has participated in consortiums laying high-speed fiber optic cables

In the market for telecommunications equipment. Alcatel is the second largest supplier in the world, with business activities in 110

Under the decentralized management phi-losophy of Alcatel's chairman, Pierre Suard, the incorporation of ITT's subsidiaries into Alcatel has run a surprisingly smooth course

Beyond that, the French this year gained access to new technology for switching equipment and the next generation of cellular radio systems in its maneuvering of the sale of Compagnie Générale des Constructions Téléphoni-

The sale of CGCT to a joint venture of the French telecommunications and electronics concern Matra S.A. and Sweden's Telefonaktiebolaget Ericsson was clinched by a cellular technology transfer offer from the Swedes.

Now, Matra stands in good stead to address a cellular market that is expected to serve about three million customers in Europe by 1995. Matra is considering further affiliations with German equipment manufacturers, as is the Jeumont-Schneider S.A. electrical and tele-

communications equipment manufacturer. And France's computer services and software houses have been merging and expanding internationally at a time when more advanced telecommunications services and private telecommunications networks are becoming more and more dependent on software.

The French government has had a hand in nearly all of this restructuring, "Capitalism à la française is bastard and incestuous at the same time," said Jacques Darmon, author of "Le Grand Dérangement," an analysis of French telecommunications. "The nation's telecommunications industry was born of public initia-tives. And at each stage of its development, the industry relies on the state."

It is this kind of intervention that has lead critics to accuse the French of keeping their market closed while preparing for internation-

For example, Mr. Longuet announced the opening of the market for value-added services in May 1986, but only last month came up with the rules under which such services can be offered. Now those rules will impose special surcharges and conditions on IBM and other large operators who might pose a threat to the French telephone company by launching pub-

ND in the market for office telephone equipment, where the DGT claims equipment, where the DGT claims to be open to competition, foreign suppliers would be hard pressed to agree. The DGT has been running Northern Telecom Ltd's advanced private telephone switch through a technical approvals process for more than two years, virtually handcuffing the company's marketing activities in France. But France's industrial politicking has also "helped to create an industry which is fairly



Gérard Longuet

harmoniously balanced," said Dimitri Ypsilanti, principal administrator of the division of information computer and communications policy at the Organization for Economic Cooperation and Development.

By building up a digital network and services, the French industry has developed a

complete, integrated, proven line of telecom-munications hardware, software and compo-nents, Mr. Ypsilanti said. They have developed needed experience in the services sector as well. This is what the French are bringing to bear

on the international market.

Though well positioned, France has continued to register some low marks on the world market. The company has a very small presence in the United States—the world's largest

telecommunications market. Alcatel, for example, has dropped out of the running for sales of big switches to the Bell Companies that dominate the U.S. market, although the company is planning to come back to this market wife more advanced switching and networking. key Join

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Nor have the DGT's attempts to pariay Minitel into a mass export item attained much success, Michel Noir, minister of international commerce, lamented recently. In the United States, the DGT's first public videotext news, work contract is with a virtually unknown?

France saw its exports of telecommunica tions equipment, which grew at an annual rate 1: of 22 percent between 1972 and 1984, drop 28 percent last year, according to the Audiovisus and Telecommunications Institute in Europe 2. But most countries experienced similar down-Mr. Ypsilanti said.

"An investment swing is starting." Mr. Ypsilanti said, because more and more countries are digitalizing their networks. "But I don't think it's big enough for everyone to have a piece of the cake."

piece of the cake.

If I had to say who would survive in Europe, I'd have to put the French in the first two survive. Others could be West Germany's

Siemens AG or Ericsson, he said.
For any country, survival in the switching. usiness is critical.

Switches are more than just the manufacture ture of a piece of machinery. They have indus-12 trial policy importance and strategic technological importance," Mr. Ypsilanti said. The development of telecommunications switching technology drives semiconductor, software and other industries important to a national industrial base, he said.

KAREN LYNCH IS European correspondent for CommunicationsWeek, an American news.... paper covering the telecommunications industry.

Manufactures

## EC Key Market For Equipment

By Jack Stockdale

the prime market target for the world's telecommunications equipment manufac-

turers.
With fairly slow growth in many traditional markets, particularly the United States, the 12 EC course the tries have collectively become the world's most lucrative market.

Spending on telecommunica-tions equipment in the United States has leveled off at around \$24 billion a year with growth of between 2 percent and 4 percent forecast until 1990. The EC members spent \$20.6

to rise to \$28 billion in 1990 - an average growth of 8 percent a year. Since the United States is ex-

pected to spend \$27 billion in 1990, the EC countries together will become the largest telecommunications equipment market in the world.

Manufacturers have been quick to see the opportunities with a large number of mergers, joint ventures, share participation plans and subsidiary formations over

the last three years. The latest of these was earlier this month when Canada's North-ern Telecola bought ITT's 24 per-cent share in Britain's STC, bringing its stake to 27.8 percent.

These corporate moves have been designed to make far easier entry of products into the European Community and to gain advantage of the tariffs that will make pricing more competitive.

The other attraction to Europe is that the financial risk is extremely low compared with other major world developing markets such as China and India where manufacturers often have to make very long-term credit arrange-

The two other major world markets, the Soviet Union and Japan, have not yet become lucrative to North American and West European manufacturers. The Soviet Union is now the

second largest telecommunica-

tions equipment market in the world after the United States, having replaced Japan in 1985.
The COCOM (Coordinating Committee for Multilateral Export Controls) technical exports agreement, which bans the sale of certain telecommunications products to the Soviet Union, is expected to be amended in September 1988, and this should improve the West's supply position to the Sovi-

et Union. The Soviet Union is expected to spend \$9.6 billion on telecommunications equipment in 1987. This is forecast to rise to \$13.4 billion in 1990.

In 1984, the latest year for which official trade figures are available. Moscow imported telecommunications equipment worth \$924 million, of which the West supplied only \$37 million.

Analysts forecast that because of the huge telecommunications development program, the Soviet Union will have to import \$5 bilhon worth of equipment by 1990. If the COCOM ban is lifted, imports from the West could reach

\$350 million. The Soviet Union currently has 26.6 million telephones, which it hopes to expand to 33.6 million in 1990 and 48 million by 2000. Large exchanges of between 100,000 and 150,000 lines will be

rural program calls for the installation of more than 2,000 estat changes of between 1,000 and 1,500 lines.

In 1986, Japan's spending en of

telecommunications equipment-i was just over \$7 billion and this is of forecast to rise to \$8.5 billion in ...

The recent flotation of Nipponing Telegraph & Telephone has not? led to the opening of the market. that was expected and, in fact, many analysis feel that it will be and long time before foreign countries somake major inroads into the Japan.

nese equipment market.

As a result, the world's manufacturing countries have all made of efforts to get into the European market although in some areas public switching, PABX systems:

**Members** are expected to spend \$28 billion equipment

and telephone handsets — the EC is becoming very crowded. The areas that provide the most opportunity will be data commit-

ications, mobile communications

and value-added services. The problems that manufacture: ers are facing in Europe are that many markets are still very restric tive in accepting anything but basic customer premises equipment this will improve over the next five years despite the efforts of some governments to introduce limitet! regulation of their PTTs.

At present, Britain is the only member of the EC with a competie? tive network - British Telecome and Mercury Communications: The French government may aki low a second network within the next five years,

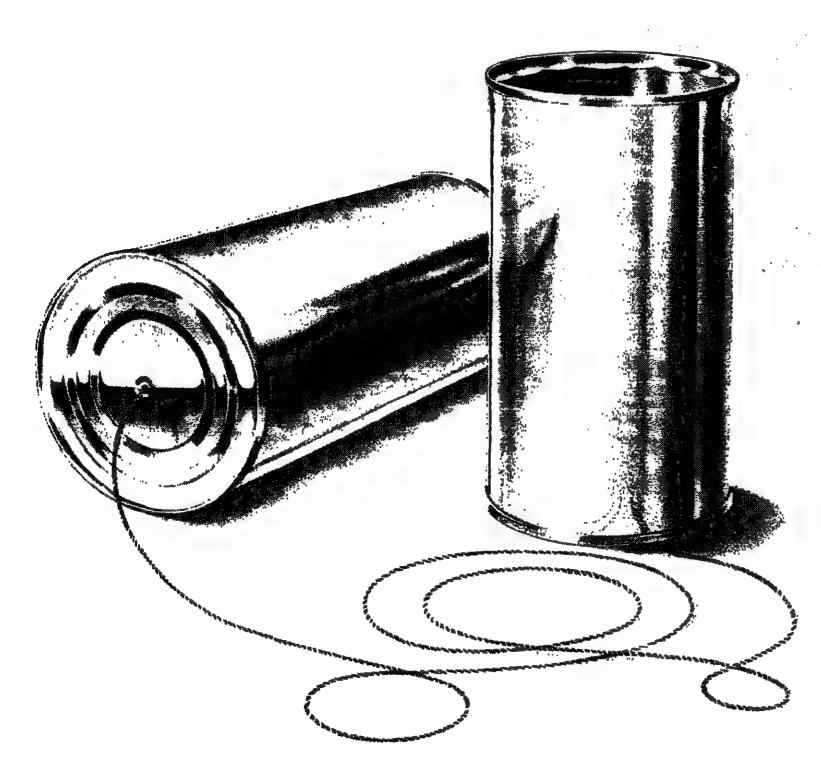
A breakthrough for the EC in pressing pan-community technical standards is in digital cellular telephones where the control it has over a band over the radio frequency spectrum allowed for Ri application by the international telecommunications unions the given it some real power.

A large number of other coll laborations and mergers between European telecommunications manufacturers and countries out side the EC is expected to follow. Non-EC manufacturers batter

also begun to form alliances with EC counterparts to penetraft these markets. The Japanese have tended 1000

opt out of any major switching thrust in Europe to concentrate on facsimile, telephone handsets, mobile radio terminals, key-systems

JACK STOCKDALE is a series analyst with the Telecommunication tions Industry Research Center In



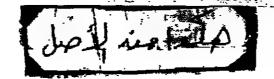
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## e Position Telefónica Forging Key Joint Ventures In Global Markets

By Tom Burns

ADRID — It is not surprising that everybody likes Telefonica on the floor of the Bolsa, Madrid's stock exchange. Spain's national telecomcations company has been a consistent market maker for close to five years as the flagship of the country's business renaissance.
Telefonica, which is 31 percent

owned by the state and is widely isted on the world's major stock exchanges, is also a favorite among foreign investors, for 22 percent of its capital is held outside Spain. The company is perceived to be innovative and ambitious and is a recognized key player in the fast-expanding Span-

Under the leadership of Luis Solana, a former Socialist member of the Cortes, or parliament, who man by the incoming administra-tion of Prime Minister Felipe González at the end of 1982, the company has forged breakthrough joint ventures with the giants of world telecommunications.

ments for its overall outlay in the

coming years have, in the mean-

TOM BURNS is the editor of Spanish Trends, a Madrid-based

monthly business report, and a con-

tributor to Newsweek and The

time, a secure base.

Washington Post.

Deals with American Telephone & Telegraph to build a \$200 million semiconductor plant out-side Madrid and with Fujitsu for the assembly in Spain of mediumsized office computers and elecfrome data-processing equipment in the early days of Mr. Solana's stewardship of the company were andmarks in Spain's business enrecomment and showed the shape 21 Col chings to come.
Currently, attention is centered

DIMINGTORS

on a major investment plan an-nounced last year by Telefonica, nounced last year by Telefonica, and subsequently reassessed and expanded, which highlights the company's ambitions. The fundaising program, covering bonds and commercial paper issues, has most recently included a rights issue on the Madrid Bolsa aimed at lasting 75 billion pesetas (\$615 million).

Over the next five years, Teleconica will be involved in 1.8 bilzion pesetas worth of capital pending as it overhauls and mod-mizes Spain's telecommunicaions. The original investment ilen, drawn up last year, envisis and 1.3 billion pesetas and was to have through to 1990. In its reasinnica extended the plan by a year ind upped its outlay by 500 mil-

Two factors lie behind Telefonia's growth. One, quite clearly, is lemand. The other has to do with iew legislation that to a degree leggulates Spain's telecommunimions and ends the company's D-year-old monopoly of the sec-

The revised investment propam was, in part, a response to a continuing demand for lines. Last rear there was almost a 30 percent nerease in the demand for lines, and Telefonica's strategists beconsiderably this year. In the past continued to increase at a 20 per-

In particular, demand and modemization focuses on the cities of Barcelona and Seville, which will both be in the public eye in 1992.
That year Barcelona, Spain's second largest city with a population in excess of three million, will hold the Summer Olympic Games and Seville, which has a population of more than 700,000, will commenorate the 500th anniversary of Columbus's voyage to the New

long world fair.
The telecommunications infrastructure in both cities will be transformed before these events. The introduction of digital sys-ters in Barcelona and Seville had been planned for the mid-1990s but the installation has been urgently brought forward as have been plans for cable television and sateline hookups.

Broadly, the market in Spain for data transmission and integrated communications is expanding pater than Telefonica had antici-pated. This reflects the growing confidence of the business com munity and the overall growth of the Spanish economy. One Tele-thrica telecommunications vento satisfy this demand conans a videotex service, named bettex, which the company hopes the have half a million subscribers

The new legislation, a package funeasures that comes under the inbrella of the Ley de Ordenawhich is known by its acronym OT, drives wedges into Telefoni-is monopoly but it reaffirms the respany's status as the star of the ector in Spain.

Deregulation essentially con-tens modems and other equip-tent. This is in itself a potentially terative market. In the past nonths, there has been a 50 peront use in the purchase of teleliques, for example,

The future of terminals and othresector products will be the re-Ronsibility of the ministry and of defending as in the past. elefonica, under the terms of the OT, maintains its role as Spain's defusive carrier of telecommuni-



London posters advertise sale of British Telecom which was heavily subscribed to after it was privatized.

## For Privatized BT, a Public Outcry

By Brenda Maddox

ONDON — The British public, basking in its new ownership of half the shares in the country's national telecommunications system, may ask itself whether the pleasures of ownership outweigh the bad service.

British Telecom was privatized three years ago, that is, nearly 51 percent of the shares in the government-owned corporation were sold to private investors — at an attractively low

The public, including many who had never owned stock in a company before, snapped them up. The shares now sell at nearly three times their original value, a guarantee that a large outery would greet any future socialist attempt at renationalization.

But BT's service has deteriorated and privatization is, rightly or wrongly, seen to be the

Safe in the private sector, BT has little incentive, the public feels, to meet complaints of overcharging, broken telephone booths, slow repairs and late installations. Rate rises, too, have hit the private user hardest: Last year, there was a hefty 37 percent rise in the price of making a call in the morning peak hours, from 9 A M to 1 P.M

Under the terms of privatization, there is little the public can do except moan. For most, there is no alternative. When the Thatcher government cut BT loose from state ownership is according to the company of the co ship, it permitted only one competitor, a new company, Mercury, owned by Cable and Wireless. Mercury has begun to offer a telephone service — and savings of at least 10 percent — but so far it has aimed primarily at business customers, who are BT's favorites, too. Or who thought they were.

One group of users in central London banded together to complain that its members had lost 20 percent of their business because of faults on BT lines, ) The group asked BT for a refund. When BT refused, it declared that its members would switch en masse to Mercury in

February.

BT seems slow to the point of indifference on installations, too. Applications for new tele-phone connections can take from six weeks to

three months to be filled. BT's regulator, Oftel, can only watch, scold and refer problems to the Monopolies and Mergers Commission. Yet, under its forceful director-general, Brian Carsberg, Oftel has been more of a nuisance than BT had expected. It has compelled BT to allow outside contrac-tors to install internal telephone wiring and to change its accounting system to make crosssubsidization more detectable. Oftel also helped stop a deal between BT and IBM on

value-added networks. Last month, Mr. Carsberg criticized BT for the poor state of public telephone booths: 23 percent were out of order nationwide, with 38 percent in London, of which 17 percent of those checked remained unrepaired for three weeks or more.

To improve services, BT is hurrying toward the general introduction of its electronic tele-phone exchange, System X. In spite of cheery television advertisements boasting "It's you we answer," the signs of improvement are slow. BT is having to compensate for years and years of underinvestment. In 1982, the year before privatization, BT's investment per capita was only two-thirds that of France and just half of West Germany's.

Yet electronic exchanges are essential for providing such service as an itemized tele-phone bill. BT promises that the itemized bill is on its way, a promise it has been making for years. Only two trial services are presently available, in Bristol and in the City of London.

Moreover, BT, with profits last year of £2 billion (\$3.45 billion), has given offense by placing an extra charge for "premium" maintenance — a telephone repaired within a day of going out of order. This charge hits emergency services. This month, BT sent the National Health Service a bill for £5 million for sameday repairs, a service the NHS, like everybody

else, previously enjoyed free. The TUA says selective repair "smells of monopoly abuse."

The recent intense criticism precipitated the retirement of Sir George Jefferson, BT's chairman, last month. But there was new outery when he was replaced by his deputy, Iain Vallance, an old BT hand. Why did not BT acknowledge its need for a fresh approach by appointing somebody from an outside industry? Why is BT, with its solid profits, hoping to be released in 1969 from the pricing formula which keeps its rate increases 3 percent below the level of inflation?

The interests of shareholders (and the British Treasury's interest in raising cash from the sale) took precedence over creating a competi-

Even so, a small start has been made in allowing more companies to compete with BT. Cable television systems have been given the right to offer two-way telecommunications services to their subscribers, but are not allowed

Thus. BT will continue to enjoy its near monopoly. If Mercury continues to thrive, it will by 1990 still be taking in only £500 million worth of the national telecommunications traf-fic, which then will be turning over about £12 billion a year. And both companies are protected by government policy from new competitors offering "resale," a practice in which third parties rent telephone circuits in bulk and resell them at lower rates.

Next April, the Treasury hopes to sell off the remaining 49 percent of BT's shares. BT's financial prospects are bright: 10 percent growth in profits and 15 percent growth in earnings. The Treasury will not want to see anything done to darken them. The official concern is still to make BT a good buy rather than a good service.

BRENDA MADDOX is media columnist for the London Sunday Telegraph.



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The Caisse Nationale des Télécommunications, CNT is a national agency of the Republic of

The purpose of the CNT is to make available to the budget of the P et T funds needed to pursue further investments in telecommunications.

The CNT both issues loans and invests in companies whose exclusive purpose is financing of Telecommunications.

The CNT is currently active in the major domestic and international financial markets for public bond issues and syndicated and non-syndicated bank loans. Throughout the year, the CNT issued commercial paper on the United States and Euro-

The CNT has played an essential role in the investments of the Telecommunications branch of the French P et T since 1974.

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## China on the Brink of an Information Revolution

Foreign suppliers scramble for world's largest undeveloped market.

By Ken Zita

EW YORK — China is on the brink of another revolu-tion—the information age— and foreign telecommunications suppliers are scrambling to gain entry into the world's largest undevel-

oped market.
Telephone service in China is archaic. The country has fewer than six million telephones for a population of 1.1 billion, or about one phone for every 200 citizens. In the countryside, the ratio is about one for every 540.

There are few private telephones. In-stead, a local telephone company (often doubling as a bicycle garage or cigarette shop) may have two telephones for the neighborhood: runners go yelling for the called party, and messages are posted on public chalkboards.

The central government has identified telecommunications as a strategic priority, along with energy and transportation. Government planners believe that the so-called Open Door economic reforms, which are designed to stimulate economic growth through more liberal market policies and less government control, cannot be sustained without competitive financial and consumer markets. Cultural and social modernization,

moreover, is linked closely with the mo-bility of information. Special investment incentives and experimental corporations have been established to accelerate sector development, making telecommunica-tions one of China's darling industries.

Foreign corporations are eager to take part, even though the market is tiny by world standards. It was worth only about \$300 million in 1985. This compares to what each of the seven U.S. Regional Bell

Holding Companies spends in six weeks.

The horizon isn't much more exciting.
Only about \$20 billion to \$25 billion will be invested in telecommunication equipment to 2000, or about the value of the U.S. industry in 1987. By establishing a presence in the market, however, foreigners hope to earn "old friend" status friendship that may come due next century, when China's economy is projected to

Interest in the market is keen. Antiquated electromechanical switching ex-changes dating to the 1920s will be superseded by digital systems, and fiber optics will replace uninsulated steel transmis-

China cannot build the technology on its own and is seeking imports, know-how and joint manufacturing agreements. But business is difficult. Foreign exchange reserves, as of June, total only \$12.6 billion, crimping free spending. In addition, the state bureaucracy is provincial; an absence of technical standards and inconsistent tariffs and arbitrary local regulations often bring ambitious

programs to a halt.

Nevertheless, hundreds of suppliers are parading their wares in search of contracts. Private industry views China as the litmus test for Third World markets — crucial for the future as demand peaks in industrial nations. Exporting governments, anxious to score geopoliti-cal points, are making available huge soft loans targeted at telecommunications exports in China.

Japan, which commands China's tele-

communications imports, has made available \$145 million in credits to underwrite its companies. The effort is paying off. Fujitsu has more than 400,000 main

**Doing Business With China** Some governments are underwriting participation in China's growing

market for telecommunications systems. Locats Amounts Terms \$194 mil. 2.5%, 30 yrs. Alcotel, Aerospotial, TRT TRANCE: \$145 mil. 3.25%, 30 yrs. Fujitsu, Hitachi, KDD, JAPAN YES \$ 39 mil. OECD stondord Ericsson SWEDEN

\$ 48 mil. 5.0%, 15 yrs. Cable & Wireless, GEC Plessy, STC \$ 300 mil. OECD standard Northern Telecom, Spor CANADA ATT&T, GTE, IBM, Sci. Atlanta, Motorola MBB, Siemens, SEL GERMANY NO Source: Temp Inc

switching lines on order - more than twice as many as the nearest competitor. NEC is dominant in the PBX, fiber optics and microwave markets.

Japanese success can also be attributed to market saturation by the soga shosa, the big integrated trading companies. As one Western diplomat complained, Japa-nese telecommunications salesmen "can eat congee [rice porridge] anywhere. We can't." The loans have recently become useful for offsetting the yen's recent ap-

preciation. France has made available nearly \$194 million, on the terms of 30-year payback, 2.5 percent interest and 10-year grace period. With Alcatel's acquisition of ITT's telecommunications subsidiaries, the French inherited a 30 percent stake in the Shanghai Bell Telephone Equipment Manufacturing Co., the only manufacturing facility for digital switching systems in the country. Alcatel also has a contract for 100,000 lines of its E-10 contract for 100,000 lines of its E-10 central office exchange in Beijing, but like many suppliers, it has encountered

technical difficulties in getting it in-

Sweden has contributed strongly to making Ericsson the switching market leader. Government spending packages are small but effective; nearly all big sales make use of the funds.

Britain, a recent addition to the trade subsidy roster, has put about £30 million (\$48 million) to help STC and Plessy take part in a manufacturing venture for net-work and optical transmission equip-ment in Shanghai.

Cable & Wireless plc, a prominent fig-ure in Chinese telecommunications, hasn't needed any funds. It owns the lucrative Hong Kong Telephone Company (until 1995, two years before the colo-ny reverts to mainland control) and manages a telephone company in the nearby special economic zone of Shenzhen.

Canada, snother recent player, has made available a line of credit worth about \$300 million for all industries.

and Spar Aerospace is manufacturing a satellite earth station with the Chinese Ministry of Electronics.

The United States and West Germany. The United States and West Germany, home to the telecommunications giants AT&T and Siemens, among scores of small but sophisticated firms, prefer a laissez-faire approach. Neither has a trade-aid program. The United States earned 15 percent of the 1985 market, West Germany, 5.1 percent; industry sources place at least some blame for the relatively poor showings on the absence of government financing.

However, AT&T has signed big con-tracts in Beijing, and both AT&T and Siemens are in competition for a proposed switching and semiconductor agreement. Negotiations hinge on the level of technology to be transferred, and guarantees for profit repatriation.

Almost every telecommunications exporting nation has an interest in China—among them Australia Belgium, Hungary, Italy, Netherlands, Norway, Spain. Switzerland, Yugoslavia, not to mention "back door" sales from Taiwan.

One of the big stumbling blocks to the market comes from COCOM — NATO's Coordinating Committee for Multinational Export Controls. The West, taking cues from the Pentagon, prevents high-speed network equipment, fiber optics electronics and many other technologies from being shipped. from being shipped.

rom being snipped.

COCOM doesn't want to improve China's launch or military command and control capabilities, or interfere with friendly foreign spies' electronic eavesdropping. Export restrictions on telecommunications equipment and software are violated, but never with the same faulare as Toshiba's shipment of same fanfare as Toshiba's shipment of propeller machine tools to the Soviet

KEN ZITA is president of Tetra Interfictional, a telecommunications research firm. He is the author of "Modernising China's

## Foreign Firms Hurdle a Few Japanese Barriers

By Stuart Auerbach

ASHINGTON — A new contract awarded by Nippon Telegraph and Telephone Corp. to Data General Corp., the Massa-chusette based Corp. chusetts-based computer and communications firm, represents what American negotiators had hoped would result from a tortuous series of negotiations to give foreign companies an even break in competing for business in Japan's booming telecommunica-

tions.

For one of the first times, NTT, Japan's premier telecommunications company, had allowed an American firm in on the ground floor to help design and build ma-jor new equipment for sale to Jap-anese business.

The contract for a new genera-tion high-speed integrated com-munications system was highly praised by Reagan administration trade officials as "an encouraging

sign" that Japan was finally begin-ming to open up its telecommuni-

The contract was worth about

world shortly after.
The assistant U.S. trade representative, Douglas Newkirk, said the purchase shows that NTT is

agreement, the Japanese compathen a government monopoly but now in the process of shifting competitive marketplace, scrambled to buy telephone poles and waste paper for directories so it could show some U.S. purchases on its books.

By 1986, though, its purchases had climbed to \$229 million, all in

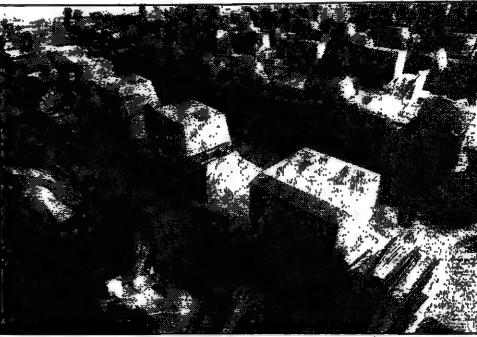
"This is still not enough. NTT needs to purchase more from the United States," said Mr. Newkirk. The Reagan administration had

\$140 million when NTT offered the system — which will allow switching on phone, data and image transmission both between and within offices on one network — when NTT offers it for sale in the spring of 1989. Data General

improving its compliance with a seven-year-old agreement to buy more high technology products from American companies. NTT purchases literally started from zero. In the first years of the

high technology products. Since 1981, NTT says, its U.S. purchases have totaled more than \$1 billion.

targeted the Japanese telecom-



Computerized data bases upgrade NTT directory assistance operations.

largest in the world behind the United States, for concentrated action because of a view in Washington that American products were competitive if Japan would just allow them in.

But U.S. trade negotiators were fighting a combination of national

standards that were different from for a license last month, but only those in the rest of the world; an entrenched bureaucracy in NTT and in the Ministry of Post and Telegraph that resists dealing with non-Japanese companies, and close ties within Japanese companies serving the communications

In January 1985, President Ronald Reagan and Prime Minister Yasuhiro Nakasone gave special emphasis to Japanese telecommunications purchases in a highlevel series of trade talks designed to end Japan's barriers to foreign

The talks were run under a tight deadline since NTT was due to go private in April, and the United States wanted to make sure that new laws passed as part of that change would encourage open-

Although the talks were labeled a success by Secretary of State George P. Shultz, American companies still report meeting with bureaucratic barriers and a resistance from Japanese purchasers.

Motorola Corp., for example, was barred for years from market-ing its world-class portable telephone and pagers in Japan. Now, it has about 25 percent of the pager sales in Japan, more than its closest competitors, and company officials said that that never would have happened without the help of the U.S. government

But Japan blocked Motorola from taking a dominant position in the country's pager service business, instead giving the prime Tokyo market to a consortium of Japanese companies, headed by Toyota, with little experience in telecommunications.

"We were snookered down to 9 or 10 percent of the pager service business," said Robert W. Galvin. chairman of the board of Motor-

Similarly, a British telecommunications group that included American companies faced moves by Japanese competitors blocking it from operating international telecommunications service in Japan. The proposal included laying new trans-Pacific cable to the United States, where American companies would take over.

The Japanese government allowed the British group, headed by Cable and Wireless, to apply

after a yearlong battle that included strong protests from Prime Minister Margaret Thatcher and the Reagan administration. NTT, the industry giant, has

changed the most under the leadership of its president, Hisashi Shinto, Mr. Newkirk said, although American companies still meet with resistance from lowerlevel bureaucrats. Overall, however, former Com-

merce Undersecretary Lionel Olmer, who took the lead in the telecommunications negotiations, said "the results are disappointing." Mr. Olmer is a lawyer in private practice who serves as an adviser to Mr. Shinto. Clyde Prestowitz, another se-

munications, called the results of the talks "better than nothing, but not by much." "We are selling telecommunica-

nior U.S. negotiator on telecom-

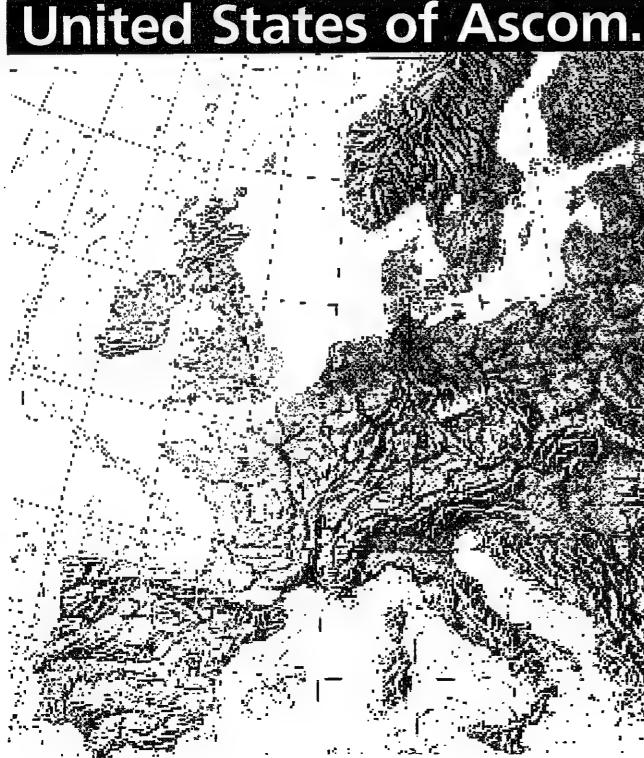
tions and services that we could not have sold if we did not have the agreement. But we are not selling nearly enough," he said.

According to Commerce De-partment figures, which differ slightly from other assessments because they cover different categories of products, Japan bought \$140 million in telecommunications equipment from the United States last year, up from \$54 million in 1982. The rise has been steady but slow, jumping to \$65 million in 1983, \$74 million in 1984 and \$106 million in 1985.

All this has taken place under constant administration and congressional pressure, and the Control Data announcement this month was made in Washington in an effort to deflect trade legislation from hitting at the slow pace of Japanese telecommunications

Industry sources noted a decline over the past three years in the number of U.S. companies actively trying to sell telecommunications products in Japan. This-is due to a widespread perception that, despite the changes in Japanese laws, they still can't sell in that country because of a network of private and public barriers. ....

STUART AUERBACH is a Washington Post staff writer who



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STOCK BY THE

## Singapore Betting on an Expanded Role

Its small size and compact population have made it easier, quicker and cheaper to build an advanced telecommunications network than in bigger neighboring countries.

By Michael Richardson

INGAPORE — Turning its small size to advantage and using its geographical location as a maritime gateway between the Pacific and Indian oceans, Singapore has systematically developed its po-stion as a regional and international telecom-munications hub over the last two decades. - When the first satellite earth station was commissioned in 1971, Singapore had 25 satel-lite circuits providing links to five countries. By the time a second earth station was officially

opened last May, the system had 1,200 circuits linked directly to 50 countries. Singapore, an island-state with a population of only 2.6 million, ranks as the world's 13th largest investor in Intelsat, the 113-member organization that owns and operates the global

satellite system for civil and commercial communications. Singapore is also the sixth biggest investor in Immarsat, the International Mari-

time Satellite Organization,

The government, through the state-owned Telecommunication Authority of Singapore. has pumped extensive amounts of money and skilled manpower into the construction of a reliable and modern telecommunications in-

In addition to the satellite channels, six international submarine cable connections out of Singapore provide alternative all-weather links with many countries, carrying IDD (international direct dialing) calls to more than 160 destinations.

Analysts point out that Singapore's small size and compact population have made it easier, quicker and cheaper to build an advanced telecommunications network than in

bigger and more populous neighboring countries, such as Indonesia, where satellites play a

key role in drawing together more than 13,000 islands in a widely scattered archipelago.

Nonetheless, Singapore's telecommunication program has been impressive. With over 1.1 million telephones in its push-button system, the island-state's ratio of 43 telepho per 100 people comes close to the 50 per 100 figure for West Germany and Britain.

Singapore officials have said that the tele-communications budget over the next five years will amount to about \$1.5 billion. Much of it will be spent on improved and expanded services for corporate and individual sub-

Yeo Ning Hong, the minister of communica-tions and information, is sure the heavy investments in telecommunications will pay handsome dividends. "National economies. international trade and commerce are today totally dependent on the network of telecommunication linkages which interlace the globe," he said.

More than 240 international banks, 140 other financial institutions, more than 600 multi-national corporations and a bost of other companies relying on rapid data exchange, including computer-processed information, have set up office in Singapore.

The government believes that offering de-pendable and relatively cheap telecommunications is an important means of enhancing the competitiveness of Singapore-based businesses and attracting new investment, including hightechnology ventures and multinationals wanting to set up regional headquarters.

The Swedish electrical giant, Ericsson.

moved its regional headquarters from Bangkok to Singapore partly because it was attracted by better communications. Other companies among them Data General, the U.S. computer manufacturer, have also cited Singapore's vanced telecommunications as one of the fac-tors for establishing or enlarging their operations here.

Company executives have noted with ap-proval that many of Singapore's telecommuni-cation charges, including those for IDD calls, telex, telefax, data leased circuits and a service known as Telepac that gives access to overseas corporate computers and data bases, are among the lowest in the world. Most of these charges have been reduced several times in the

In August, the Telecommunication Authority offered subscribers a new range of wide-band digital data leased circuits via Intelsat. These can, for example, be used for transmis sion of motion pictures or large volume information transfers for printing of newspapers.
Singapore has invested about \$191 million in

all-weather international undersea cable connections. These provide global links. The South East Asia-Middle East-Western Europe cable system was inaugurated in September 1986. Stretching for 8,000 miles (13,000 kilometers), it connects Seyne, France; Palermo, Sicily; Alexandria and Suez in Egypt; Jeddah; Djibouti; Colombo, Sri Lanka; Medan, Indonesia, and Singapore. In October, 1986, a new Australia-Indonesia-Singapore submarine cable system was opened.

The oil-rich sultanate of Brunei is the only close neighbor that is not connected to Singapore by an underwater telecommunications



The Sentosa satellite earth station on the outskirts of Singapore.

cable. That will change in 1990 when the two countries are to be linked by the first interna-tional optical fiber cable in Southeast Asia. These fibers of special glass transmit pulses of light and can carry much more information than conventional copper wires used in both land and submarine telecommunication ca-

Alan Wong manager of the Telecommuni-cation Authority's submarine cable systems, said that the authority would buy circuits in a trans-Pacific optical liber cable that will link the United States with Japan via Hawaii and Guam when it is completed in December 1988. Mr. Wong said that Singapore would invest in an optical fiber undersea cable that will run

from Singapore to Hong Kong, South Korea

and Japan by mid-1990.

The first phase of an optical fiber network within Singapore, covering 15 telephone exchanges, was completed in 1984. The second phase, linking the remaining 11 exchanges, was finished in July. Officials said that by 1989 about 7,400 miles (12,000 kilometers) of optical fibers would crisscross Singapore, providing the basis for a wide range of sophisticated voice, video and data services.

MICHAEL RICHARDSON is the Southeast Asia correspondent for the International Herald Tribune and is based in Sungapore.

## Hawke Tackles Monopoly

By Laurel Fox Allen

YDNEY - Prime Minister Bob Hawke, who won an unprecedented third term of office in elections in July, is spearheading a drive for deregulation and privatization in Australia in an effort to revive and restructure the country's econo-

Chief among the candidates for deregulation is Australia's largest enterprise, Telecom Australia. In a September 1986 report, the

Economic Planning Advisory Council (EPAC), which was chaired by Mr. Hawke, selected transportation and communica-tions as the two industries ripe for

EPAC noted that technological change had brought diversity and opportunity to the telecommuni-cations industry, and, it argued, Telecom Australia no longer had a natural monopoly, that is one where only one supplier would survive if the market were fully open to competition. It concluded that its monopoly should no longer be protecti

The EPAC analysis found wide support among communications users. The Australian Telecommunications Users Group, a lobby group for big business and business communications users, and the vendor group, the Australian Information Industries Association, have pushed for change and an end to Telecom's monopoly.

Private industry wants the reunications regulation power from Telecom Aus-

tralia and the formation of an independent regulator. It also wants the regulator to limit Telecom's powers by drawing a line between basic communications services and what is value-added

to the infrastructure. Telecom Australia has promoted the idea that Australia, a set of coastal cities held together by a

giant desert center, suffers from

Private industry has pushed for change.

the "tyranny of distance" and that this is reason enough to remain a monopoly. But commercial companies argue that monopoly, not distance, creates tyranny.

Although Telecom Australia has said that it wants change, it primarily wants change that will allow it to compete with private enterprise. It says, however, that until legislation is changed, it will continue to use its powers as it sees

Its 17 telecommunications inbiggest union, the Australian Teleened to derail Telecom Australia Sydney.

by stopping cash flow by restricting computer use.

The unions believe that Telecom must remain a monopoly in order to protect the jobs of their workers and to hold back the erosive effects of market forces on universal telecommunications ser-

For 13 years, Telecom supported this view. However, in August, Mel Ward, its managing director, did an about-face. He said that since Australia's basic telecommunications services were established, Telecom Australia would now "go commercial."

Meanwhile Gareth Evans, head of the new Department of Transport and Communications, the super-ministry formed by the merger of the communications, transport and aviation departments shortly after the Labor government won re-election, formed a "communieations task force." Its report, expected late this year or early next year, will undoubtedly mean a major rethinking of legislation that defines the regulatory machinery of communications and broadcasting in Australia.

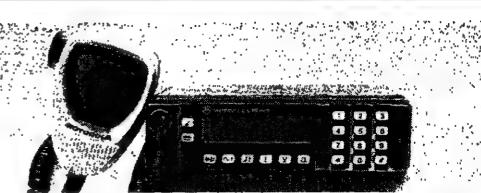
Mr. Evans, who is sometimes referred to as the "minister of privatization," has already developed an auction system for new radio licenses and ended the two-airline control of domestic aviation.

LAUREL FOX ALLEN is direccommunications Employees' As- tor of the Computer and Telecomsociation, however, have threat- munications newsletter based in

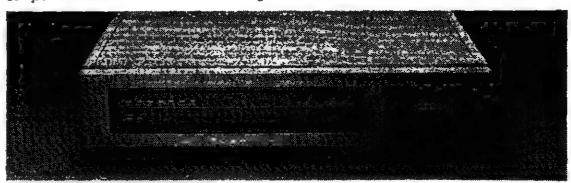
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## Third World Forging 'Missing Link'

Continued from page I followed was an intensive campaign of education and persua-

The first major event was the World Telecommunications Development Conference in Arusha, Tanzania, in May 1985, attended by delegations from 93 countries and from international and regional organizations.

The Arusha declaration endorsed the general thrust of the commission's report and many of its specific recommendations. The conference acknowledged the need for developing countries to accord sufficiently high priority to the telecommunications sector for the "expansion, upgrading and modernization of their networks"

— precisely what the commission had advocated.

"The Missing Link" featured on the agenda of other conferences as far afield as Tokyo, Nassau in the Bahamas, and Edinburgh. Meanwhile, the international agencies principally concerned were being briefed.

The most spectacular event of 1986 was the World Telecommunication Forum and the associated exhibition Africa Telecom 86 in Nairobi in September. The theme of the forum — the first to be held in Africa — was "Bridging the Missing Link.

The success of the campaign to increase awareness of the role of telecommunications in development was evident at Nairobi. Speaker after speaker from developing countries described how they were addressing their particular problems. That investment in telecommunications was an inte-gral part of development was tak-

Ministers and directors had other preoccupations — over training choice of technology, obstacles to regional collaboration. Any apprehensions expressed arose not so much from problems of developing existing systems but rather from fear that a new telecommunications gap could open up as in-dustrialized countries introduced ever more sophisticated equipment in their advance toward the

"information society." Sitting in the Kenyatta Conference Center, I was struck by the change in perception since the

year earlier. The message had in-deed been received loud and clear. And not only in developing countries. The participation of some 80 equipment manufacturers and op-erators in Africa Telecom 1986 showed that the market opportunities created by the new awareness in many developing countries were appreciated. It was encouraging, moreover, that so much of the equipment on display was relevant to African conditions.

How does the balance sheet look today - nearly three years after "The Missing Link" was

The commission did not expect results overnight. Investment docisions are never easy. Telecommunicators have formidable op-ponents among those who hold the purse strings and approve national plans. Operators and manufacturers from industrialized countries approach new ventures with caution. So progress will be uneven and unspectacular.

Nonetheless when, step by step. Zimbabwe brings telephones to its remote areas; when the Caribbean operators strengthen their cooperation over training and technol-ogy; when China elevates telecommunications to the top rank of sectors for investment; when India embarks on ambitious projects to upgrade the systems in the major cities; when this story is repeated in the Middle East, Latin America and elsewhere; and when, above all, mutually acceptable financial deals are made, then one can only conclude that the world telecommunications situation is improv-

Nor is there reason to suppose that insurmountable political technological or financial obsta-cles stand in the way.

A Canadian initiative deserves mention. The commission identi-fied scarcity of trained managers as a major handicap and invited operators and manufacturers to offer more training opportunities. In September 1980, the Telecommunications Executive Management Institute of Canada (TE-MIC) - a joint undertaking by

the private sector and the Canadi-

an government — was launched. This institute, which offers courses

for telecommunications managers

Arusha declaration little over a from developing countries, is a specific response to recommendations in the "Missing Link." recommendations was addressed

One of the commission's main to the ITU. We invited the administrative council when it met in July 1985 to establish a Center for Telecommunications Development as a matter of urgency.

This proposal was inspired by

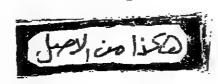
the strong desire of developing countries for disinterested advice on the whole range of issues involved in improving and expanding their networks. The commission believed that such an entity could not only offer this advice but also act as missionary in the cause of higher priority for telecommunications. We conceived the center as a novel partnership between governments, operators and the private sector, which would reflect both the comfortable and the uncomfortable realities of today.

How has this proposal fared? In July 1985, the administrative council passed a resolution establishing a center and prescribing in detail how this should be done. The advisory board met for the first time in November 1985. Ten months later —in September 1986 - the executive director and his deputy were appointed. In April of this year, the executive directorate submitted its action plan and budget.
The center is now off the

ground. But, sadly it has failed to attract adequate support. If prospects do not improve, the next ITU might usefully consider whether the administrative council's prescription for the center should be amended so that it will be better able to attract support and discharge the important tasks

the commission had in mind.

Members of the independent commission should feel generally satisfied with the response so far to "The Missing Link." Higher priority is being given to investment in telecommunications. Net-works are being improved and exas the main obstacle to progress. These trends must be encouraged and sustained. And it is to be hoped that before too long the center will be able to wield effective influence.



A solar-powered telephone in Saudi Arabian desert provides emergency

## **Gulf States Install Extensive Networks**

ONDON — The Arab countries like Africa and other parts of the developing world have also had to try to advance from a very low base level. In the last decade, they have achieved spectac-

ular national and regional results. In less than 10 years, Saudi Arabia has installed one of the most modern telephone systems in the developing world. Telephone lines were increased from 130,000 lines in 1978 to 1.3 million by the end of 1985. This has necessitated the installation of a complete transmission as well as exchange infrastructure

in the country.

Facilities include a 15,000-kilometer (9.000mile) microwave network, 5,000 kilometers of couxial and optical fiber cable and seven satellite earth stations for domestic, international and maritime communication services.

The rapid development of telecommunications has been paralleled in other Gulf oilproducing countries. Bahrain has an expanding mobile telephone system and last year introduced a radio paging service. Mobile car and paging communication systems are also being developed in Kuwait, while pay telehones are becoming increasingly common in the region.

The region has also seen a vast increase in links with the rest of the world. More than 90 percent of Saudi telephone subscribers can dial direct to 160 countries and an estimated five million international calls are being made each month from Saudi Arabia.

The kingdom has an important role in the region's telecommunications and provides a

East-Western Europe cable route. Other regional developments have included the Middle East and Mediterranean Telecommunication Network (Medarantel) project to coordinate network developments in North Africa, the Horn of Africa, Arab countries and

the Balkans, including Turkey and Greece. The services developed in individual countries, including radio, cable and satellite links, have evolved into a comprehensive regional infrastructure. In the Arab countries alone, telephone lines increased from 1.8 million to 5.5 million in the 10 years to 1982.

The most assertive move toward regional cooperation in the developing world has been the Arab Satellite Communications Organization's investment in a two-satellite communications system that was put into orbit in 1984.
One satellite was launched by a European Ariane rocket and the other by the U.S. space

Since then ground links and use of the system, which is designed to provide intraregional telephone, data and broadcasting services, have been slow to develop. Of 8,000 available circuits, only 1,430 were in use by the end of this summer. Nevertheless, the system shows the telecommunications advances that can be

achieved in the developing world.

Iran's PTT minister said this year that his country is designing its own telecommunica-tion satellites that are to be Isunched by China in the early 1990s.

Robert Bailey

## Cost — Biggest Hurdle Facing Have-Nots

The entire African continent with its 500 million people has fewer telephones than Tokyo.

#### By Robert Bailey

■ ONDON — The divide between telecommunications haves and have-nots may appear to be lessening at this year's International Telecommunication Union exhibition in Geneva as Third World countries as well as industrialized nations and major international companies vie to draw attention to their achievements, products and aspira-

Substantial growth has certainly occurred in telecommunica tions infrastructure throughout the world since the last ITU exhibition four years ago. There is, however, still a huge disparity in the amount of telecommunications services and in their quality between industrialized countries and the developing

Most of the world's population lives in countries with less than 10 million telephones among them compared to a world-wide total of 600 million telephones. Indeed, two-thirds of the world's population has no access at all to telephone services. The entire African continent with its 500 million people has fewer telephones than Tokyo.

The ITU's independent commission for worldwide telecom-munications development reported in 1985 that, while develop-ing countries account for 20 percent of the world's gross domestic product, they possess only 12 percent of the telephones. The disparity is even more marked in low-income developing countries which account for 5 percent of the world's gross domestic product though their share of the world's teleiones amounts only to 1.3 percent.

phones amounts only to 1.3 percent.

Bangladesh with a population of 90 million had only 160,000 telephones in 1983, equivalent to a ratio of 0.18 per 100 people. Ethiopia with its 34 million population had just 0.31 telephones per 100 people. On average, telephone densities in less developed countries are 0.2 per 100 of population compared to 70 per 100 in Brussels or 92 per 100 in Los Angeles.

The independent commission, comprised of 17 members of different nationalities, was set up following a plenipotentiary meeting of the ITU in Nairobi in 1982 and asked to recommend ways to stimulate the expansion of telecommunications in the developing world.

Its report three years later concluded "in most developing ountries the telecommunications system is not adequate even to sustain essential services. In many areas there is no system at all. Neither in the name of common humanity nor on grounds of common interest is such a disparity acceptable."

The commission added, "We believe that by the early part of the next century virtually the whole of mankind should be brought within easy reach of a telephone and, in due course, the other services that telecommunications can provide.

By the year 2000 various national plans suggest the possibility of growing from the average of 0.2 telephones per 100 persons in less developed countries to an average of 1 per 100. While statistically a small increase, such an advance would dwarf what has already been achieved in the poorer countries of the devel-

oping world.

Meeting the cost will be the biggest hurdle. The PTT adminis-



A radar station in Eritrea, Ethiopia, is helping to bring telecommunications to rural population.

trations of industrialized countries can mostly finance expansion and modernization through revenues, usually obtained on a monopolistic basis, from existing services and clients. This option does not exist for countries striving, for instance, to provide rural services for the first time. Even when installed, there is little prospect of revenues being sufficient to meet even minimal investment costs.

Telecommunications clearly has to be treated as a long-term economic and socially significant investment of major impor-tance for growth and development. A key factor in progressing investment will be the upgrading of telecommunications loans in World Bank priorities. The sector has received considerably less attention in the immediate past than projects for education, industry, water resources, transport, electrification, agriculture and rural development. In fiscal 1987, for example, the World Bank approved 3682 million for telecommunications projects out of approvals totaling \$17.67 billion.

The independent commission has recommended that the World Bank include telecommunications projects in proposals for multilateral engagements against progressial with More

for multilateral guarantees against noncommercial risk. More optimistically, it has suggested that countries consider setting aside "a small proportion of revenues from calls between developing countries and industrialized countries to be devoted to telecommunications in developing countries."

An overall \$12 billion investment is estimated to be needed

bring services in less developed countries to an acceptable level in the next 10 to 15 years.

Africa is in the most dire need of telecommunications development. Of 36 countries classified by the United Nations as less developed, 26 are located on the African continent where rural populations have virtually no access to telecommunications at including telegraph, broadcasting and telephone services.

Malawi with a ratio of 0.58 telephones per 100 of its popula-tion of 6.5 million is relatively well off compared to other African countries, though to achieve its planned expansion to 0.78 telephones per 100 will mean an estimated \$300 million expenditure by 2000.

The greater a country's population, the bigger the investment required. Uganda with about 14 million people would like to see a tenfold increase in its number of telephones, from 62,000 to 680,000, an increase from 0.45 per 100 to 3.1 per 100 of population. This would necessitate a \$600 million to \$1 billion investment. Sudan with its 20 million population envisages a total \$895 million investment to bring about a fivefold increase in its present 70,000 telephones.

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Regional cooperation as well as project development in individual countries is also highly important to the expansion of telecommunications and the raising of standards. Until the end of World War II, most of today's 50 African states were controlled by colonial administrations. Few telecommunication services outside the main government centers existed and what intra-African telecommunication traffic there was was routed through transit centers in Europe.

Developing international links as well has been an onerous, slow moving task due to the almost complete absence of skilled staff at all levels, lack of finance and of equipment relevant to

the topographical and climatic conditions of Africa.

In 1962, the idea of a continental network was conceived. The resulting Pan-African Telecommunication (Panaftel) network has progressed beyond establishing the backbone of an Africas regional network into an ongoing project that is helping to stimulate development of national networks.

The Panastel network now includes six domestic satellite communication systems operating 64 earth stations, about 3,200 kilometers (1,975 miles) of coaxial multichannel land cables, 5,000 kilometers of submarine cables and eight troposcatter radio relay systems with a total route length of 4:000 kilometers and 26 microwave systems linking various national centers over a length of 20,000 kilometers.

The longest microwave link in the world without repeater stations connects Africa with the Arabian peninsula 370 kilometers across the Red Sea.

In the long term, indigenous manufacture of telecommunica-tions equipment including digital exchanges is likely to be a feature of procurement in the developing world. Production of older electromechanical exchanges already exists in some countries such as Iran.

Turkey has established digital exchange production based on joint ventures with Belgium's Bell Manufacturing Company and Canada's Northern Telecom. By the end of this year, it aims to have provided a telephone link to each of its 36,000 rural

Algeria signed an agreement with Sweden's Ericsson in March to establish a joint venture to produce digital exchange equipment at Tlemcen, west of Algiers. Egypt is currently negotiating with Ericsson and West Germany's Siemens on establishing a similar facility to produce 300,000 lines of digital

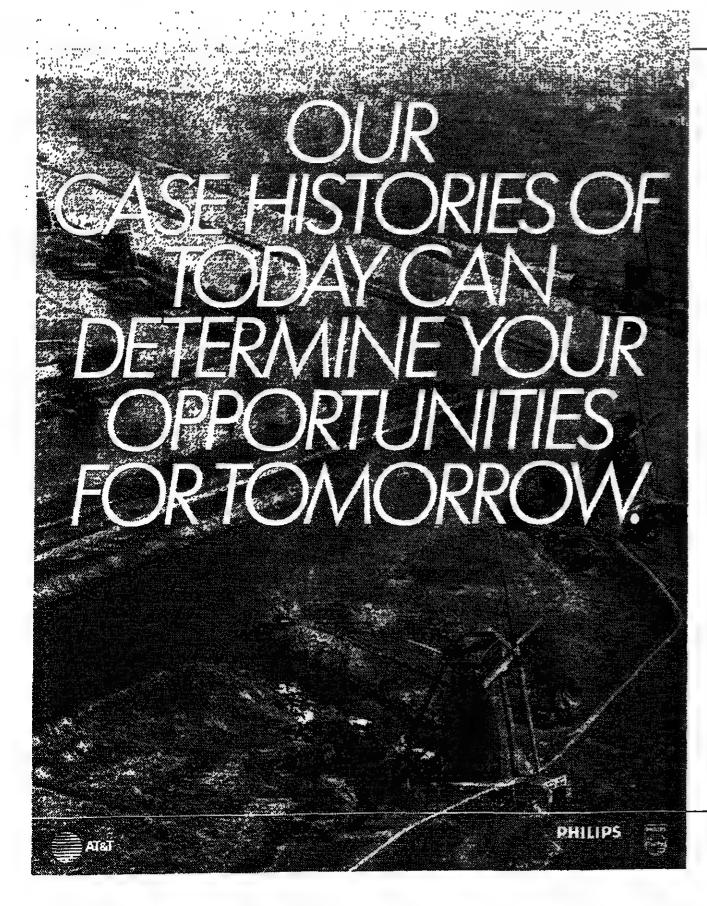
Saudi Arabia also has plans to produce telephone exchange equipment through an offset agreement with the U.S. Boeing Industrial Technology Group. Morocco has recently told companies bidding to supply about 600,000 of exchange capacity that two-thirds must be produced locally.

Moves toward local assembly and production would benefit

from cooperation on a regional basis. At the end of last year, a study by British Telconsult estimated that the Arab world's demand for digital equipment would reach 1.2 million lines by 1990. It added that a demand for 250,000 lines a year was the minimum needed by individual countries to make domestic production viable.

As a result, the study commissioned by the Arab Industrial Investment Company recommended the setting up of just one or two factories to serve the whole region. Their location would selected on objective economic criteria. Whether such a development is possible raises many questions, not least the availability of finance and the thorny issue of control in a region yet to overcome intense rivalries even in the interest of collective chnological progress.

ROBERT BAILEY is the special reports editor of the Londonbased Middle East Economic Digest.



## APT DIGITIZES THE DUTCH TELEPHONE NETWORK.

Telecommunications technology is changing more rapidly than ever before. In The Netherlands, the Dutch PTT is responding to this challenge by investing heavily in the future.

They commissioned AT&T and Philips Telecommunications (APT) to supply a number of digital systems to handle the greater part of the expanding volume of traffic between regional centres.

APT is also main supplier of subscriber exchanges to extend and replace existing telephone exchanges and advanced optical transmission systems for the entire network. When completed, this project will enable new telecommunication services to be brought onto the market.

APT's digitization of the Dutch telephone system is just one of our current projects.

We are also currently active in providing Saudi Arabia with one of

the world's most advanced national telecommunications systems. In the UK we are installing an Advanced Freephone network providing toll-free calling. APT is also upgrading the strategic transmission links for the entire Indian subcontinent and supplying various optical projects in China. These are just a few examples of our current major projects.

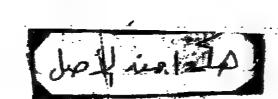
APT is one of the very few companies in the world with the capacity, creativity and resources to handle such projects on a turnkey basis both now and well into the 21st Century.

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TUESDAY, OCTOBER 20, 1987

## Herald Eribune. BUSINESS/FINANCE



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#### WALL STREET WATCH

## **Military Contractors Find** It Hard to Defend Earnings

By STEVEN RADWELL

EW YORK — American military contractors should report generally lower third-quarter earnings because flat military spending by the government is holding back outlays for weapons programs, analysts said. The contractors may be in for more bad news next year, analysts said, because of possible further cuts in military spending to meet targets for reduction of the federal budget deficit. These targets are part of the Gramm-Rudman-Hollings law.

Such spending cuts could hurt the companies further and cause analysts to reduce their 1988 earnings estimates, some said.

The big question is next year and how defense spending will

Flat defense

spending by the U.S.

shake out," said one analyst who asked not to be named. Howard Mager of Donaldson Lufkin Jenrette Securities Corp. said, "We're in an era where there's a lot of costsharing and revenues are flat in many programs." Cost-

government is holding back outlays sharing means manufacturers pay costs previously borne by for weapons. the government. Military suppliers with commercial businesses will have mixed

results in those areas this quarter, analysts said. The businesses include manufacturing, information and financial services. The military electronics concerns that build radar, communieations and surveillance equipment should perform slightly bet-

But overall the group remains a generally lackluster performer that is not in favor with Wall Street investors, some said. General Dynamics Corp., the largest U.S. contractor, should report earnings of \$2.40 to \$2.60 a share in the quarter versus \$2.29 a share last year. Without special items, a tax benefit this year and an accounting gain last year, earnings would be basically list, said Mr. Mager of Donaldson Lufkin Jenrette.

ARNINGS at McDonnell Douglas Corp. will be \$1.90 to \$2.45 a share, analysts predicted. That would be up from \$1.05 last year, which included a pretax charge of \$83 million on the F-18 Canadian fighter plane program. Douglas's information systems unit continues to lose money, but it recently set a second round of job cuts at the unit and a goal

of streamlining product offerings.

Rockwell International Corp., which makes the B-1 bomber and orbiters for the space shuttle, will earn around 62 cents a share in its fiscal fourth quarter, against 57 cents last year. Analysts cited flat results at Rockwell's Allen-Bradley industrial

automation unit Lockheed Corp. last week reported earnings of \$1.52 a share, below some analysts' estimates and off from last year's \$1.74 a share. The company cited a \$9 million net charge for discontinued shipbuilding operations and higher interest expense.

Negative comparisons will continue at Boeing Co., because of a schangeover in models on its 747 jetliner and heavy research and development spending in defense and commercial aircraft programs, according to the analysts. Boeing should earn 65 to 69 cents a share, off from \$1.01 last year.

United Technologies Corp. earned \$1.26 a share, up from 83 -cents. The company is cutting about 6 percent of its work force

and is streamlining product lines.

Earnings at Grumman Corp. should drop to roughly 30 cents versus 45 cents in the quarter, and fourth-quarter earnings will

also likely be lower, analysts said.

In military electronics, Loral Corp. should net about 67 cents a share, versus 52 cents last year, and Singer Co. will earn 75 to 88 cents, after 77 cents a year ago, they said. E-Systems Inc. dropped to 51 cents from 53 cents. Watkins-Johnson Co. net should rise at least 10 percent to 55 cents a share.

## Currency Rates

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U.S. Money Market Funds

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SEOUL — South Korea's na-tional news agency predicted Mon-day that the current account surplus would grow to nearly \$10 billion this year amid signs of per-sistent world demand for the country's cars and electronic goods. Bank of Korea officials would

Koreans

Surplus

**Expect Big** 

\$10 Billion on

Current Account

neither confirm nor deny the forecast by the agency, Yonhap. They said the central bank would issue its own figures later this week. Youhap said the January-September surplus in the current account was \$7.03 billion. The cur-

rent account covers trade in merchandise and services such 25 banking and insurance. The figure would exceed a 57 billion ceiling for all of 1987 set by the government during June talks with the International Monetary

Fund aimed at averting too rapid an appreciation of Korea's currency, the won, against the dollar,

The news agency said the September surplus was \$1.4 billion, wider than \$468.1 million in August and \$899 million a year earlier. October exports "could be relatively modest because of many public holidays, but by the end of this year the surplus will be well over \$9 billion, close to \$10 bil-

The sharp rise in the September surplus came from a resumption of export deliveries after delays caused by a wave of strikes the previous month.

If the widening is confirmed, government economists said, the 1987 current account surplus seems certain to trigger tougher pressure from the United States, whose trade with Korea last year was in deficit by \$7.4 billion.

The U.S. government has called on Seoul to open more markets to American goods and revalue the on faster. The won was fixed at 804.90 to the dollar Monday, showing a 7.01 percent gain this year.

## Rare Spat Divides Pöhl, Stoltenberg

### **But Bankers Say** Tax Dispute Will Soon Die Down

FRANKFURT — Karl Otto Pöhl, head of West Germany's central bank, and Finance Minister Gerhard Stoltenberg are normally so much in agreement that some foreigners have doubt-ed the central bank's indepen-

But a rare public dispute be-tween Mr. Pohl, president of the Bundesbank, and Mr. Stoltenberg over a proposed withholding tax on investment income has added to the problems of the country's already nervous finan-cial markets, bankers say.

Mr. Pöhl said at an investment symposium in Frankfurt on Thursday that he feared the tax would raise borrowing costs and

interest rates.

Mr. Stoltenberg quickly rebutted Mr. Pöhl's criticism, saying that West Germany would remain an attractive place for foreign investors.

Bankers here expressed confi-

dence that the two top financial policy makers would quickly patch up their relationship to steer the economy through a particularly difficult time.

There are plenty of objective pressures that will result in

things getting back to normal again after a period of ill feel-ing," said Jürgen Pfister, Com-merzbank AG's chief economist. News on Oct. 9 that the goverrunent was planning a 10 per-cent withholding tax wiped bil-lions of Deutsche marks off

shares and bonds in a market stready reeling from rising interest rates at home and abroad. Bankers said the Bundesbank was angered by the way the Fi-nance Ministry announced the plan. They said that the bank felt it had not been consulted ade-quately and that the ministry had

allowed apparently conflicting details to dribble out into an unprepared and uncertain market. Both Mr. Pohl, 57, and Mr. Stoltenberg, 59, have been under extraordinary pressures lately.

Mr. Pöhl has had to switch to



Economic pressures are likely to force Gerhard Stoltenberg, left, and Karl Otto Pöhl to patch up differences.

the hard line promoted by his deputy. Helmut Schlesinger, jacking up interest rates to fight inflationary fears and abandoning the pragmatic policies he had pursued so far this year to promote currency stability.

Mr. Schlesinger now has a ma-

jority of support in the Bundes-bank council, and since late summer Mr. Pohl has had to represent his views, bankers said.
"Pohl is in a dilemma," one
economist said. "He must follow a policy that is not entirely his

The dilemma is that if interest rates rise too far, they will attract funds into the country, pushing up the mark and hurting West

op the mark and muting west German exporters.

Under U.S. pressure, West Germany has agreed to stimulate its economy through tax ents amounting to 39 billion DM (\$21.66 billion) from 1990.

But financing these cuts has proved more difficult for Mr. Stollenbers than he had bar-

Stoltenberg than he had bargained for. He had to face resistance from local barons in the government

coalition parties and from trade unions to his planned subsidy The withholding tax was intended to help finance the cuts by raising 4.3 billion DM. But bankers say the tax will push up borrowing costs and the extra amount this costs the government could wipe out the revenue the tax brings in.

Meanwhile, Mr. Stoltenberg left monetary talks in Washington last month early to sort out a dispute in the northern state of Schleswig-Holstein, where he is chairman of the Christian Democratic Union.

The state's premier, Uwe Barschel, resigned after allegations of a "dirty tricks" election cam-paign. Mr. Barschel was found dead in a hotel bath in Geneva on Oct. 11. Police said the death appeared to be suicide.

The cooperation until now be-tween Mr. Pöhl and Mr. Stolten-berg was all the move remarkable as Mr. Pohl is in the opposition Social Democrats and was appointed by the former chancel-lor, Helmut Schmidt.

Werner Chrobok, managin partner at Bethmann Bank, said he hoped the two men would soon be of one opinion again.

But when Mr. Pobl criticized Mr. Stoltenberg's tax plans, Mr. Chrobok said, he was not only voicing what many bankers felt, but demonstrating the Bundes-bank's independence from gov-

## **U.S. Bond Prices** Soar as Investors Flee From Stocks

NEW YORK - Prices of U.S. government securities soured as much as 4 points Monday as investors liquidated stock holdings and bought short-term bonds and Treasury notes.

"A lot of money is fleeing the stock market and going into the bond market," said Irwin Kellner, chief economist for Manufacturers Hanover Trust.

After an early setback, bonds were helped by news that the U.S. Treasury secretary, James A. Baker 3d, met with West German officials and reaffirmed February's Louvre good for credit markets. accord to cooperate on exchange

rates.
Mr. Kellner said the hectic trading day saw yields on three-month, six-month and one-year Treasury bills decline considerably from last week's levels

For example, the three-month bill, which had a yield of about 7.25 percent on Wednesday, declined to a 6.48 percent yield in trading on Monday, Mr. Kellner said.

Carl Napolitano, a bond trader with Dean Witter Reynolds Inc. in New York, called the market for short-term Treasuries "vigorous.

The one-year Treasury bill, which traded at 8 percent on Friday, bore a yield on Monday of about 7.36 percent, he said. Yields for Treasury securities fell at Monday's regular weekly auc-tion to their lowest rates in two

The Treasury Department auctioned \$6.417 billion of threemonth bills at an average yield of 6.84 percent, down from 6.96 percent at the last auction on Oct. 13.

The government also sold \$6.406 billion of six-month bills at an average yield of 7.21 percent, down from 7.34 percent on Oct. 13. "Money is going into the short

end of the market, steepening the yield curve there," Mr. Napolitano said. He said that investors were avoiding longer-term instruments. "Fear is the operative emotion,"

he said. "They're afraid of locking

into long-term bonds now."

Even so, longer-term bonds were aided by the rise in short-term securities. The bellwether 30-year bond, which had a closing yield of 10.16 percent on Friday, soared 4 7/32 points to 91 28/32, for a yield of .71 percent at the close on Mon-

Robert Chandross of Lloyds Bank PLC said, "We now believe there is a good chance that the U.S. economy will manifest many trappings of a recession by the spring of 1988." An economic downturn, by easing pressure pressure on interest rates, recession, would in theory be

He said that the specter of the large U.S. trade deficit would weigh on the U.S. economy. (UPI, Reuters)

### U.S. Factory Use Stayed Steady For September

United Press International
WASHINGTON — U.S.
factories, mines and utilities operated at 81.2 percent of capacity in September, the same level as in August, the Federal Reserve Board said Monday.

Utilization remained the highest since August 1984, when it was \$1.8 percent of capacity, the Fed said.

Increased utilization of mines was offset by slight declines in operating rates of fac-tories and utilities. Heavier utilization over the past year is the result of broad-based production increases in most indus-

Most manufacturers showed only small changes in Septem-ber, the Fed said. The largest were in primary metals, up, and motor vehicles and parts, down. Automobile production re-bounded, but the increase was offset by a decline in truck pro-

#### As Paris Stocks Fall, M. Durand Bails Out of Privatized Shares **BP Shares Fall** By Jacques Neher **Below Set Price**

LONDON - British Petroleum Co. shares fell to 315 pence, below the 330 pence price set for the government's £7.2 billion (\$12 billion) share issue, as London Stock Ex-

change plunged on Monday. BP shares closed 45 pence down from Thursday's 350 pence. Anthony Alt, director of N.M. Rothschild & Sons, adviser to the government, said there were no plans to change the terms of the issue. The issue was fully underwritten last week. The BP issue is payable in three installments of 120 pence on application, and 105 pence in August 1988 and in April 1989.

Special to the Herald Tribune
PARIS—The French government's ambi-

tious plans to return scores of state-con-trolled companies to the private sector have been jeopardized and may have been crip-pled, by the persistent slide in stock prices, analysts and economists Monday. thousands of the estimated 4 million individ-

ual investors who bought shares in the first 10 privatizations have abandoned the Bourse since share prices began sliding last week. For many, bailing out meant a loss. On Monday, prices on the Paris Bourse plunged a record 9.7 percent as calculated by the exchange's own method. Another index that is calculated differently, the CAC index,

percent in the past four weeks. "It's impossible to privatize anything in the world in such a market," said an analyst at Jean-Pierre Pinatton, a Paris brokerage. The program to sell 65 state-owned indus-

trial and financial companies to private investors is a connerstone of the conservative government's strategy to create a "popular

luctance to sink their savings into stocks, day, a 4 percent drop from Friday. which they have historically seen as highly speculative and much more dangerous than sold or bonds, a series of effective publicity campaigns has been mounted for the share issues of such companies as Saint-Gobain and Paribas in the past year.

Now, however, the privatization issues are suffering. They were damaged in last week's bloodbath on the Paris Bourse, and on Monday, they were particularly affected as small stockholders flooded the market with sell orders. The market's opening was delayed by fell 5.5 percent. The CAC index has fallen 20 You could say we had a liquidity problem

— which is to say that no one wanted to buy at any price," said one Paris broker. Four of the 10 privatization issues closed the day below their initial offering prices at worth of state-owned enterprises over the the times they were sold off earlier this year. next six months. He said they would include

price. Compagnie Générale d'Electrici electricals group, ended the day at 285, also down 5 francs from its initial price. Over the weekend, Finance Minister

Edouard Balladur said that the government would continue with its plans to sell off its 50.97 percent stake in Matra SA, the defense and electronics group, next Monday. How-ever, he added that he would "assess the situation" after the Matra sale.

The government's sale of Compagnie Financière de Suez ended over the weekend.

Mr. Balladur said last month that the government would sell 100 billion france

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Havas, the advertising group, closed at 495, down 5 francs from its imital offering raised 51.6 billion francs for the government. Capel & Co. in London, said many of those shareholders who were burned on the privatization issues would be reluctant to come back to the market any time soon.

"Many of these individuals don't have the resources to suffer small losses," she said.
"It will be very difficult for this guy, both psychologically and from a cash standpoint, to come back to the market after he's sold his shares," she said.

Ms. Hardy predicted that the market's drop, if not quickly reversed, would have "tremendous political implications" for Prime Minister Jacques Chirac, who is expected to run for the presidency next May.

## Black Humor and Trading 'Shock'

## Some Investors Shrug but Psychologists See Combat Fatigue

change's jolts produced quite a lot

New York-based traders, investors and brokers. But you can bet that the little man got hurt today, too."
Mr. Ward, like many small investors interviewed here, was not hurt financially because he had given up on the stock market for safer

tentures. "If I bought a turkey farm, they'd outlaw Thanksgiving." he said.

Others tried just as hard to find something to joke about in the re-cord 508-point plungs of the Dow Jones industrial average during the

As word of the violent slide on Wall Street spread, office workers traded stories of how they had already sold stocks before the plunge or boasted of how they withstood the temptation to buy. Many were more concerned with Monday's events in the Gulf or with rising home mortgage rates.

board in a brokerage house office didn't seem very upset either as they watched a New York Stock Exchange tape.
Paul Weisberg, a 72-year-old investor who spends his days watch-

ing stock prices and playing check-er matches, said he was holding on to his investments. "It doesn't shake me one bit," Mr. Weisberg said. "Having lived through '29, it makes you wonder. But this isn't '29." "This is just natural human ac-

tion and reaction," said Jim Allen,

42, a private investor who spends

his days under the ticker. "I think it's just a little hysteria, and I think they'll find a bottom pretty soon."

The Associated Press

Although many investors may be time dealing with wave after wave DALLAS — There wasn't much keeping their sanguinity, psycholocrying in the streets here Monday, gists were beginning to have contacting the atmosphere on trading floors to a combat zone, and the streets about the New York Stock Experts said that although dealers are of black humor.

"Maybe they'll all be as poor as the rest of us." I'm Ward said of big average were giving traders

> warned, traders were likely to be dows." suffering from shock and stress, impeding their ability to make quick, strategic decisions.

"shock" symptoms.

"Either traders are having anxiety problems — like heart palpita-tions and headaches — or they're preoccupied with pessinistic thoughts of overwhelming doom,"
said Harold Berson, a Brooklynbased psychiatrist.

This is not the time to be making decisions," he said. Dr. Berson will. noted that traders were likely to lose their objectivity. They will overlook some companies that are and know little but lore about strong and let their emotions over-ride reason," he said.

Making money in a bear market is always difficult, and experts ad- ed to get out of the business months mit that even professionals who ago are likely to be hailed as heroes, know the ropes have a difficult Mr. Butterworth said. The regulars at the checker

trading floors to a combat zone, Robert Butlerworth, a Los Angeles psychologist, said even seasoned

"People are asking me if there've been any suicides," Mr. Butter-worth said. "They're asking me if As dealing continues amid in-tense turbulence, psychologists the next stage is jumping out win-While the Dow Jones average took a major dive, "the stress indi-

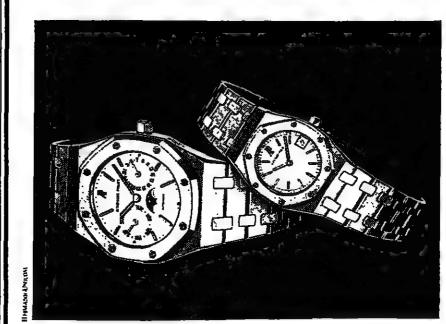
> said Mr. Butterworth, president of Contemporary Psychology Asso-ciates, a research and counseling In addition, he noted, it is "quite normal" for symptoms of shock

and stress to linger for a while even if the market turns around, as many market observers contend it Young financial professionals, who were born into the bull market

to cope with the drastic downturn. Those few visionaries who decid-



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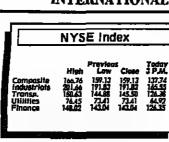
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**Dow Jones Bond Averages** Today Noon 81.42 79.64 83.59

NYSE 3 p.m. volume NYSE prev, cons. Close Amex 3 p.m. volume Amex prev. cons. close Prev, OTC 4 p.m. volum

Market Sales

**NYSE Diary** 



Odd-Lot Trading in N.Y. 6.281 5.283 9.611 2.455 7.227 376.782 313.756 300.782 254.938 211,602

Mondays Via The Associated Press

Dow Jones Averages

AMEX Diary

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**SEC Head Mulled Trading Halt** WASHINGTON - The chairman of the Securities and Exchange Commission said Monday that he had considered a brief trading halt as one way of restoring order to the stock

"I'm not afraid to say that there is some point, and I don't know what that point is, that I would be quite anxious to talk to the New York Stock Exchange about a very temporary halt in trading." David Ruder, the SEC's chairman, raid to middon. said at midday. Stock trading was last halted briefly when President Ronald Reagan was shot on March 30, 1981,

However, the SEC said later in a statement

that federal securities regulators were not dis-cussing a move to close U.S. securities markets. The SEC "is not discussing closing the na-The commission said it "is concerned about

current market conditions, is closely monitoring the situation and is in regular contact with the various markets and other regulatory bodies." An SEC spokesperson emphasized that the agency had not been in contact with Reagan administration officials about Monday's market activity, or any response to the volatile stock

Due to the extraordinary volume of trading on Wall Street, these pages include prices as of 3 P.M.

SEC does not have the legal authority to order a

Any trading halt must be approved by the stock exchanges, Mr. Ruder said.

He said a quick analysis by the SEC found that Friday's 108-point drop in the Dow Jones industrial average, the record until Monday, was caused by both market fundamentals and

computer program trading.

"We are aware, dealing with Friday's markets, that there were underlying fundamentals causing the market decline and that there was, in addition, so-called program trading," he said.
Program trading, generally large-scale and
computer generated, has often had big impacts
on daily trading. It involves trading in stock
index futures as well as the stock market.

Mr. Ruder said he was concerned about the precipitous decline in stock values and market volatility, but said it was too soon to tell what effect it would have on the U.S. economy.
"It does cause me concern," he said. "The
volatility is something that we all need to be

worried about."

Mr. Ruder said, however, that he had been in frequent contact with John Phelan, chairman of the New York Stock Exchange, about the market's record drop.

Mr. Ruder, who spoke to reporters after addressing an American Stock Exchange-sponsored investors' conference, stressed that the

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tion's securities markets," it said.

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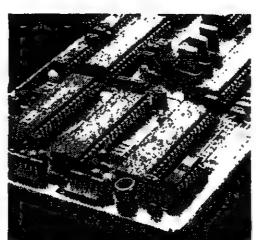
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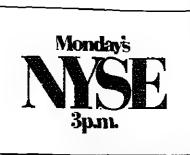


These are just six of the businesses we're in that are already leaders in their fields. We're also leaders in Fluid Technology, Defense Technology, Communications and Information Services and Natural Resources.

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# 1 S BUILDING BUSINESSES INTO LEADERS



#### China Reports Deficit Shrank To \$2.7 Billion for 9 Months

Agence France-Presse BEIJING — China's merchandise trade defi-cit narrowed to \$2.7 billion in the first nine months of 1987 from \$8.96 billion a year earlier. months of 1987 from \$8.96 billion a year earlier, the National Bureau of Statistics said Monday.

Exports rose 23.9 percent to \$26.5 billion, while imports dropped 3.8 percent to \$29.2 billion. Xinhua news agency quoted a bureau spokesman. Zhang Zhongri, as saying.

Mr. Zhang said the improvement was caused by several factors, including the rise of the Japanese ven and other currencies, higher oil prices and export policies.

prices and export policies.

#### Retail Sales in U.K. Fall 0.8%

LONDON - The volume of retail sales in Britain fell a preliminary, seasonally adjusted 0.8 percent in September after rising 1 percent in August, the Department of Trade and Indus-try reported Monday. In the three months from July to September.

the level of sales was 2.5 percent above that in the previous three months and 6.5 percent highor than the year-earlier period.

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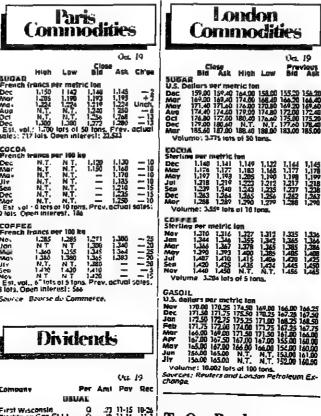
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## **U.S. Futures** Via The Associated Press 1134 - 134 1134 - 134 1134 - 134 1134 - 134 1334 - 344 1354 - 234 1354 - 134 1,78½ — 36½ 1,86½ — 36½ 1,97½ — 36½ 1,97½ — 36½ 1,97½ — 32½ 1,97½ — 32½ 1,97½ — 32½ -- 20<sup>14</sup> -- 18 <sup>1</sup>4 -- 28 -- 23 <sup>1</sup>4 -- 23 -- 29 -- 08 <sup>1</sup>4 -2.50 -4.20 -4.10 -2.90 -1.70 -1.90 -3.50 -3.50 -4.00 87.75 88.75 89.50 87.35 86.50 84.60 85.00 84.70 CATTLE (CAME) 40.000 lbs. cents per lb. 69.01 S3.40 Oct 64.30 69.01 S4.50 Oct 64.30 69.01 S5.10 Feb 66.00 89.95 57.70 Apr 67.23 67.65 61.50 Ibr 62.56.00 89.95 57.70 Apr 67.23 67.65 61.50 Ibr 62.55 68.00 60.00 Apr 65.23 67.15 63.50 Ibr 62.55 68.00 50.00 Apr 67.23 67.15 63.50 Ibr 62.55 68.10 50.00 Apr 67.23 69.10 57.40 Oct 78.25 68.00 57.70 Oct 78.25 68.00 57.40 Apr 77.31 78.00 67.20 Apr 77.31 78.00 67.30 Apr 77.30 78.00 Apr 77.30 Apr 77.30 78.00 Apr 77.30 Apr LUMBER (CAME) 131,000 bd. ff. -5 per 1,000 bd. 131,000 bd. ff. -5 per 1,000 bd. 134,001 134,00 140.10 175.00 173.00 173.00 171.50 169.80 167.50 77.12 77.47 77.92 74.77 74.90 74.25 1687788843 1487788843 +144 +144 +144 +144 +144 +144 +144 Dec 225.50 237.00 194.00 207.00 -31.50 Mor 233.00 223.45 194.00 194.00 -44.00 Prov. Bolse 3.007 int. 4.915 up 615 829 849 241 Commodity Indexes

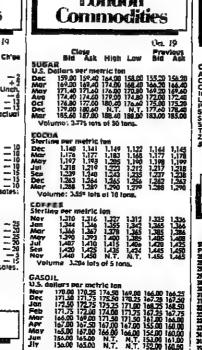
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To Our Readers London metal prices were not available in this edition because of transmission problems

## **BMW Increases** Japan Investment

TOKYO — Bayerische Motoren Werke has increased BMW Japan Werke has increased BMW Japan Corp.'s investment capital by about \$14 million to \$36 million in response to fast growing sales in Japan, the Japanese subsidiary said Monday.

It said the increase would help finance new facilities including an

finance new facilities, including an inspection center and a service fac-



S&P 100 Index Options

S&P 100 index; High 391,47 Low 273,52 close 244,13 —15.95

**U.S. Treasuries** 

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Compiled by Our Staff From Dispatcher Compiled by Our Staff From Dupatcher
WAYNE, New Jersey — A management offer to buy GAF Corp.
for \$2.3 billion could be scrapped because of rising interest rates and the "almost unprecedented deterioration" of the stock market, GAF's chairman, Samuel J. Heyman, said Monday.

Arbitragers, who had been selling off takeover stocks for the past week, said the announcement was expected, and that other takeover

expected, and that other takeover bids could meet the same fate.

Mr. Heyman, in a letter to the committee of four outside directors considering the buyout offer, said that even if the management of the speciality chemicals and building products concern decides to pro-

specially chemicals and building products concern decides to proceed with its proposal, it will be revised substantially.

Mr. Heyman's letter did not indicate when a decision would be made or specify here the made or specify how the offer might be amended. A company spokeswoman declined to com-

Mr. Heyman, who took office as chairman and chief executive officer in December 1983 after a prolonged proxy fight, announced on Sept. 8 that he and a group of managers were offering \$64 a share in cash and \$2.50 a share in principal on 15 percent important principal on 15 percent important.

in cash and \$2.50 a share in principal on 15 percent junior subordinated debentures due in 2007. The value of the deal was set at \$2.3 billion.

Mr. Heyman said in his letter that interest rates on the management group's proposed financing had increased 1.5 percentage points since the offer was announced.

"In the considerable time that has clapsed since our original proposal was submitted, the credit and financial markets have experienced extraordinary and almost unprecedented deterioration," Mr. Heyman said.

((PI, Reuters) (UPI, Reuters)

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#### BUSINESS PEOPLE

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## FCA Had \$76 Million Loss in Quarter

S. savings and loan company, in the quarter, from \$93.4 million a ported Monday a net loss in the year earlier. ported Monday & net 1000 m. It blamed interest rate fluctua-tions for the reduction of income in

hare, a year earlier.

It said that gains on the sale of Financial Corp. has been strug-

ties, which had been the company's years. It has been especially sensi-RVINE, California — Finannain source of profit during the tive to interest rate increases, deal Corp. of America, the largest past two years, fell to \$12.4 million spite considerable progress by a

monstor the reduction of months a constor the reduction of months area during the quarter.

ans and mortgage-backed securi- gling to avert collapse for several

## Group Led by TV Producers Has 9.8% of Media General

WASHINGTON — A share-alder group led by Barris Indus-ies Inc. said Monday that it had Exquired a 9.8 percent interest in ecommon stock of Media Gener-Inc. and might seek control of

e company.

However, Media General's s family would not sell its conolling share block, so it would be possible for the group to gain

In a filing with the Securities and suchange Commission, the investigation for 271 million shares of Commission States A stock. edia General's class A stock. ledia General's class A stock.

Mr. Bryant said the class A stock acots only 30 percent of the board, with the remaining 70 percent octed by class B shares, two-irds of which are controlled by Bryant family trust.

Media General, based in Rich-

Norsk Data

Lowers Forecast

For 1987 Profit

OSLO - Norsk Data A/S OSLO — Norsk Data A/S

outside Europe had forced it to

lower its 1987 pretax profit deceast by 100 million kroner (\$15 million) and its expected

atillion kroner.

The computer company said

August that it expected a

1987 sales figure by about 150

metax profit of 550 million to

It said the estimate was low-

red after it became clear sales

non-kroner pretax profit for the

irst six mouths, up 5.9 percent rom a year earlier. Its 1986 netax profit before year-end

her, against 364 million in 1985.

of North America and India would not match predictions. Norsk Data had a 1779 mil-

STOCK Indexes Blocations was 475 million kro-

25 Strong on Alberto Co.

00 million kroner this year.

mond, Virginia, is a holding company with operations in newspa-pers, television stations, cable television, newsprint manufacturing, commercial printing and financial services. Barris Industries, based in Bev-

erly Hills, California, produces television programs, The investor group said it may purchase additional Media General shares or seek one or more seats

on the company's board of direc-tors through a proxy contest.

It also said that A bid for control of Media General would be subject to "a recapitalization or possible restructuring and to possible changes in the charter documents and by-laws of the company."

The group said it had held dis-cussions with third parties to gauge their interest in joining the shareholder group, but no agreements were reached. Those talks are ex-pected to continue, it said.

By Agis Salpukas New York Times Service

NEW YORK - It has been almost a year

since four unions formed a coalition at Pan

American World Airways and hired investment

bankers to help them find an investor who would buy a large stake in the company, bring in new management and give the employees a large chunk of stock in return for concessions.

Last week, Kirk Kerkorian, an investor with

huge financial resources and savvy about the airline industry, answered the call. His advisers, who had made a long study of Pan Am, out-lined a plan under which he would take control.

But instead of rejoicing, the coalition leaders were in a subdued mood, according to one

leader, who spoke on condition of anonymity.

The union leaders now face the task of pre-

senting a plan to their members and their

boards that asks for more concessions than

does the plan of present management. Mr. Kerkodan's plan would give him majority con-

trol while increasing the stake of the employees from 7 percent to 25 percent in a company that

would be stripped of some profitable divisions.

The Kerkorian plan did not say how much he

A union officer who attended the meeting of the leaders of the four unions — the Air Line

new management team in cleaning up problem loans and and increas-

ing reserves. The company said Monday it had made an additional provision of \$70.4 million to its reserves for losses on loans and real estate, compared with \$76.2 million a year

At the end of the third quarter, scheduled items, or nonperforming or underperforming assets, were \$1.34 billion, or 4.01 percent of total regulatory assets, the company said, down from \$1.77 billion, or 5.2 percent of assets at the end of the 1986 third quarter. For the first nine months, Finan

cial Corp. reported a net loss of \$243.4 million, or \$7.04, against a profit of \$72.2 million, or \$1.64 on a diluted basis, a year earlier.

Gains from the sale of mortgage-backed securities and loans were also lower in the nine months, falling to \$139.7 million from \$264 million a year earlier.
Financial Cosp. said that reserves totaled \$1 billion at Sept. 30, compared with \$580.4 million a

year earlier.
The net figures included gains from the sale of investments of \$64,000 in the quarter, and \$157,000 in the nine months, against \$1,23 million in the first nine months of 1986.

The nine-month figures also in-cluded provision for losses and discounts of \$315.7 million, against \$161.7 million a year earlier.

Is Kerkorian the Right White Knight for Pan Am's Unions?

Pilots Association, the Independent Union of Flight Attendants, the Flight Engineers Inter-national Association and the International

Brotherhood of Teamsters — said that the impression left was that all faced a dilemma. With the Kerkorian group they would have to give more concessions, but staying with the present management, under which the carrier

has had huge losses in most of its past five years, would leave the viability of the airline in

The task of the coalition has been made more

difficult by the turmoil in the pilots union, its strongest member. On Sept. 15, the leader of the pilots, Earl Jonstad, died in a plane crash.

able to unite behind the Kerkorian proposal, it

would still face a major hurdle. The coalition

has been unable to get the support of the 5,400-member Transport Workers Union, Pan Am's largest union. The teamsters' union has 4,400

members and the flight attendants union 3,500.

Any plan, some airline analysts believe, would have to have concessions from all the

unions, including the Transport Workers.

John Kertigan, head of the airline division of the Transport Workers, said he would probably take up an offer made by Mr. Kerkorian's aides to be briefed on the proposal.

Even if the coalition and its rank and file are

doubt," the union officer said.

## AT&T Reports Lower Net **But Stronger Product Sales**

NEW YORK — American Telephone & Telegraph Co. said Monday that its net income had fallen by 5.3 percent to \$505 million in the third quarter. Analysts and company executives, however, were pleased with strong product sales.

Net income for the June-September quarter was 47 cents a share, down from \$533 million, or 48 cents a share, a year earlier. Revenue was \$8.47 billion, up slightly from \$8.43 billion. AT&T's chairman, James E. Olson, said the results "compare quite

favorably with those of a year ago." Kenneth M. Leon, an analyst at Bear Steams & Co., said net per share a year earlier included 4 cents of gains based on extraordinary items. He said this year AT&T is "stronger than it was 12 months

The analyst pointed to better product sales, including strong sales of central office switching equipment. The company has introduced 40 new or enhanced data products, sold a phone network to General Electric Co. and reached an agreement with Western Digital Corp. under which AT&T will provide \$50 million a year of semiconductors.

## Wang Unveils Minicomputers

LOWELL, Massachusetts -Wang Laboratories Inc. introduced four minicomputers Monday that offer increased power, memory and storage capacity at a lower price than earlier models, executives

The systems also allow for as many as twice the number of users, officials said. They cost between \$13,000 and \$75,000.

The VS SE supports 16 users and the VS 6E allows for 32 users, double the amount of earlier VS mod-els, officials said. Both systems fea-than the VS 75E.

ture high-performance disk drives

and three internal drives. The VS 75E supports 65 users and includes 32,000 bytes of cache memory and 2 to 8 megabytes of main memory, twice the main and cache memory of the VS 65, which it replaces, officials said.
The VS 7010, which costs

\$75,000, is the new entry-level model of Wang's high-end VS 7000 series, officials said. The system supports as many as 96 worksta-tions and 128 peripheral devices, officials said. The VS 7010 delivers

Several union sources involved said they

were impressed with Mr. Kerkorian's effort.

tive of Flying Tigers and Western Airlines, was

Mr. Kerkorian's right-hand man when he made

a large investment in Western. The other, Don-

ald Lloyd Jones, former president of Western,

was a key executive in bringing about a turn-

Mr. Kerkorian started his own airline, MGM

the majority owner of MGM-UA Communica-

tions Co. and other ventures, he has access to

He is also willing to go along with a prime

around at Western.

large amounts of capital.

chairman, from the airline.

"We have had a difficult time in This summer, Pan Am had high traffic to Europe, enabling it to post a profit in the second quarter and build up a cash hoard of \$300 million. Robert Joedicke, airline analyst at

New Cavendish Is Purchased

LONDON - Noro-Buckfield NV, a private Dutch investment and fund management group, said Air, whose planes have only first-class seats. As Monday that it had bought a 52.3 percent stake in New Cavendish Estates PLC and was making a bid for the remainder of the British property company, valuing it at £24.5 million (\$41 million). Norogoal of the coalition: to separate the present management, under C. Edward Acker, the Buckfield said it had bought the controlling 7.33 million shares from Collins Services Ltd. at 175 pence a share and was offering oth-

## **Names New President**

By Arthur Highee International Herald Tribune

Taligrass Technologies Corp. has recruited David F. Horton as president and chief executive with the known as the Philadelphia Saving mission of steering it through its Fund Society, a staid savings bank current difficulties.

sas. Its founder, David M. Allen, is cial institution. no longer in active management but remains on the board.

Steven Volk, 33, remains as executive vice president. Mr. Volk told The New York Times that Mr. Allen lest in June after a "management conflict" with the president and chief operating officer, Em-mett Johnson, who left at the same

The company announced last week that it had hired Mr. Horton, who most recently has been president and managing partner of Re-source Partners Inc. of Nashua, New Hampshire, a consulting firm.

In 1981, Mr. Allen had quit as a director of technology for a company that automated grain elevators to found Tallgrass with a \$5,000 stake. His product increased the information-storage capacity of personal computers and acted as a memory backup system. Mr. Volk was a dental student who helped him on weekends.

As personal computer sales be-gan to take off, Tallgrass grew quickly. In 1984, sales had climbed to almost \$60 million. Then competition began to make itself felt.

the past several months but we are emerging with new product offer-ings," Mr. Volk said, "We are getting ready to introduce a new subsystem for the Apple Macintosh and we anticipate that this product will be very good for us."

Shearson Lehman Brothers, said this was enough to tide Pan Am over the winter season. Meritor Financial Group of Philadelphia has reported a third-quarter loss of \$379.6 million. The New York Times said that for Frederick They noted that he had brought in two key aides who were experts on the airline business. One of them, Fred Banninger, a former execu-S. Hammer, chairman and chief executive, this would mean a re-

Reuters

Under Mr. Kerkorian's proposal, the airline would be spun off from the parent company, Pan Am Corp. er shareholders the same price. structuring, including the sale of about \$1 billion in assets.

Mr. Hammer, 51, joined the company in 1985 when it was still that was the oldest in the United Tallgrass is a privately owned States. Mr. Hammer completed its company in Overland Park, Kan- changeover to a full-service finan-

Mr. Hammer has been an advocate of diversification to prevent a savings institution from being trapped by upward swings in interest rates. But some of his efforts at diversification have backfired. For example, Meritor pioneered in buying participations in another bank's credit-card portfolio, but loan losses turned out to be higher

than expected.

As part of the company's restructuring, consumer banking units in the Washington area and in Orlando, Florida, are expected to be sold Saab Aircraft International Ltd.

of Windsor, England, a subsidiary of Saab-Scania AB, the Swedish automotive and aerospace group, has promoted Jeff Marsh from marketing director to president. Mr. Marsh. 40, a Briton, succeeds Jim Randall, 56, an American, who has retired to the United States. Saab International is responsible for sales of the Saab 340 turboprop commuter airliner worldwide, including Sweden, but not including North America, where sales are separate. In three and a half years Saab has sold 120 of the 340s, known as the SF-340 when Saab was in partnership with Fairchild,

to 20 airlines in 1) countries. Phelps Dodge Corp., the Phoe-nix, Arizona-based copper produc-er, has promoted Arthur R. Micle to vice president for marketing and

#### Textile Institute Gives Medals to Japanese, Briton

International Herald Tribune MANCHESTER, England - The Textile Institute has awarded its annual Medal for Design to Jean Muir, the British clothing designer, and the an-nual Warner Memorial Medal to Sueo Kawabata, professor of polymer chemistry at Kyoto University, Japan.

The design medal is for textile design and management. Miss Muir is noted for her use of such British fabrics as eashmere, flannel, tweed and jersey. The Warner medal is for textile science and technology. Mr. Kawabata, 56, specializes in polymer fibers.

The Textile Institute, an international professional body, has members in 100 countries.

president of its Phelps Dodge Sales Co. subsidiary. Mr. Miele, 46, moves up from senior vice presi-dent of Phelps Dodge International Corp, where he had been responsi-ble for marketing and for the company's manufacturing associates in Venezuela, Thailand, the Philippines and India. In his new posts he succeeds James W. Turner, who is retiring after nearly half a century with the company.

Continental Cablevision Inc. of Boston has agreed to acquire American Cablesystems of Beverly, Massachusetts, for \$481.7 million. Steven B. Dodge, American Cable-systems' founder, chairman and chief executive, is leaving the com-pany to "try something different." Mr. Dodge, 42, did not say how much of the \$481.7 million would accrue to him, but conceded that "it was very rewarding."

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## **Company Results**

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| Company | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 | 1992 2rd Quer. 1967 1966 Revenue 2060 1460 Net Inc. 2147 2783 Per Share Lat 0.72 1964 Amer. Tel. & Tel. Champion Spark Pivs 7997 1984 lat Goor. 226.7 2194 Net Inc. 4.7 (e)148 Per Sheris. 6.12 (e)148 Per Sheris. 1997 1994 lian ve Jose 797.7 (e)147 Great L. 14.3 (e)167 Great L. Morgan (J.P.) 100 P itted States **经验证据** 1997 0,10 1997 1997 1997 100 がいる。 139 1967 5.59 0.32 1967 816.3 11.9 0.47 INTERNATIONAL CLASSIFIED SCORTS & GUIDES AMSTERDAM HOTEL Escort, Tel; 020 -328686 ATTACHE ESCORT SERVICE 212-HEY-6400 OR 212-439-6400 VIERNATIONAL

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## HE ROUT IN WORLD MARKETS: Stock prices plunge in a chaotic, panicky sell-off

## IARKETS: Dow Plummets More Than 500 Points

(Continued from Page 1) grew in intensity and under-id the spreading uncertainty at the duration of the current aturn, which began after the peaked at 2,722.42 on Aug. since that peak, the blue-chip age has given up more than 36

onday's drop helped to wipe the more than \$26-point gain Dow average had piled up since reginting of 1987. Miled the retreat, falling \$31

104, a 52-week low. Eastman lak fell \$27.25 to \$62.875. ck \$24,75 to \$159.25, Procter & ible \$23.625 to \$61.75 and pinghouse \$20.25 to \$40.25. they killed them, they killed 1 real good, and it's anyone's s what will happen tomorrow," Bill Lord of Shearson Lehman

old stocks were the only pocket trength. "People rum to a safe an in gold when there is chaos ie world," one trader said, "and e is certainly that perception of ic right now with tension in the idle East and world markets un-

iewmont Gold jumped \$3.75 to 50, Callahan \$2.25 to \$32.50 Asa Ltd. 12.5 cents to \$65. If the market had just gone n 30 points Friday, it might not been so bad, said Hugh ason, investment strategist at 1 Albany. "But given the way market feels right now, it sed some real damage."

he Reagan administration's dem to attack offshore Iranian oil allations in response to a misattack by Iran on an Americanistered tanker off Kuwait hiened tensions in the market. be sell-off accelerated in reise to a weaker dollar and the ability that the so-called Lou-

vre Accord to stabilize the U.S. currency may be coming apart. However, in what appeared an effort to calm financial markets, Treasury Secretary James A. Baker support the Louvre pact, the Trea-

sury said. Mr. Baker commented over the weekend that the U.S. administration might allow the dollar to drift lower against the West German mark to offset Bonn's recent interest rate increases.

Few in the marketplace, however, believe that the administration is capable of allowing the dollar to decline against selected currencies. Instead, most believe it will fall against all major currencies. With the Treasury planning another big auction in November, some analysts think interest rates will have to increase again to attract foreign

Frank Korth, a market analyst with Shearson Lehman Brothers, believes the yield on a long term Treasury bond may have to reach 11 percent. "It's part of a circle of events that continues to force the markets to spiral downward," he

On Monday, money continued to pour out of stocks and bonds into gold and short-term Treasury securities, which are considere safe havens in times of crisis.

The fear among investors was obvious from the start of trading, with the Dow off more than 65 points in the first hour of trading. Even this, however, did not fully testify to the market's woes. About 20 percent to 30 percent of the Big Board's stocks could not be quoted initially because a wave of selling orders created an order imbalance. By late afternoon, the backlog had grown to the point where the mar-

ket tape that records prices was running more than 130 minutes be-

The only respite the market en-joyed occurred in midmorning 3d flew to Bonn on Monday, met top financial officials and agreed to steps in response to a stronger bond market. But any rejoicing proved short-lived, as stock prices resumed their plunge an hour later.

Traders and analysis were stunned by the severity of the latest decline. Many had expressed opti-mism that the downturn that began last Wednesday was part of the long awaited correction and that prices would rebound. In fact, the panic selling that was apparent last Friday was interpreted by some as a positive sign since this usually occurs at the end of a correction.

But the talk on Wall Street late Monday had more to do with surviving the next day rather than the long-term health of the bull mar-ket. Many expressed concern that foreign investors who underpinned the rally through most of the summer may abandon the market because of currency concerns.

"When you get this kind of in-sanity, anything can happen," said Edward Yardeni, chief economist for Prudential-Backe Securities. Even if the market does regain its

composure in the days ahead, analysts said there would be little chance of a significant rally before the end of the year. Some institutional investors may

re-enter the market, but many mar-ket observers fear the turnoil of the last few days has left a bitter taste, The market has had little to er about lately. The inability of the Reagan administration to show convincing evidence that the trade deficit is improving to any significant degree has been a source of

dismay since the summer.

Street's concern. That was followed on Friday by Many economists suspect the ada 108.35 point fall.

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#### **Gold Prices Soar** \$20 on Stock, Dollar Worries

LONDON - Gold prices soared more than \$20 Monday, propelled by a weak dollar. plunging stock prices and the U.S. attack on Iranian oil platforms, before easing.

In London, gold was fixed at \$481 an ounce in what dealers said was probably a record long fixing of one hour 55 minutes. The gold market closed shortly thereafter.

Gold, a haven in times of crisis, closed in London at \$482.75, more than \$15 up from \$467.5 at Friday's close, but be-low the day's high of \$490, the

low the day's high of \$490, the highest in four and a half years. By midday in New York, spot gold was up \$12.40 at \$484 an ounce, after falling back from an early high of \$491.50. In futures, December gold retained a gain of \$11.50 at \$487.80 an ounce, having retreated from \$496. Analysts said the market attracted soccusaid the market attracted speculative profit-taking on disap-pointment that it lacked the momentum to break \$500.

ministration will have to accept another decline in the dollar to boost overseas, was sparked after Mr. exports. This, in turn, will un-Baker angrily charged on the weeksures and possibly lead to even high The 95-point drop in the Dow on

Oct. 14 in response to the smaller-

than-expected improvement in August's trade deficit illustrated Wall

Low J P.M. Chibe

## **Dollar Sharply Lower Before Baker Comment**

NEW YORK - The dollar closed sharply lower Monday in New York trading, pushed down by the steep decline in U.S. share prices, dealers said.

Dealers said the 508.32-point drop in the Dow Jones industrial average renewed fears that foreign investors would liquidate their dollar holdings.
In after-hours trading, however.

the dollar erased its losses, rallying in response to news that James A. Baker 3d, the U.S. Treasury secretary, had held meetings with Gerhard Stoltenberg, West Germany's finance minister.

The dollar closed in New York at 1,7735 Deutsche marks, down from 1,7980 DM at Friday's close; at 141,35 yen, down from 142,40; at 5.9245 French francs, down from 6.0045, and at 1.4730 Swiss francs. down from 1.4880.

The British pound also gained on the dollar, closing at \$1.6855, against \$1.6665,

Dealers said the market re-mained uncertain amid the conflicting trends now emerging. "Peo-ple are wicketly confused," said one dealer. "They are really

doubtedly fuel inflationary pres- end that recent interest rate increases by West Germany were not in the spirit of February's Louvre accord on currency stabilization by the Group of Seven industrialized

> Dealers took Mr. Baker's comments as an endorsement for a lower dollar. "It made sense to be short," a trader said.

**London Dollar Rates** 1,773 1,453 1,4132 1,474 5,9315

The stock market's tailspin further exacerbated the dollar amid fears of foreigners liquidating dollar assets, dealers said.

The turmoil in the financial markets came as the strains in the G-7 pact emerged, but the news of the Baker-Stoltenberg meeting helped alleviate fears about a rift in the

group.

After the meeting, Mr. Stoltenberg was quoted as saying that he was confident that foreign currencies could be stabilized around cur-

rent levels.

Henry Weiland, a trader with
NatWest U.S.A., said the dollar also received a boost when Jacques Delors, the European Community Commission president, called for an emergency G-7 meeting because of the volatility in Monday's trading on world money and stock mar-

Earlier in London, the dollar closed more than 2 pfennigs lower, at 1.7773 DM, against the previous 1.8015, and at 141.72 year, compared with 142.69. The pound also gained, closing at \$1.6805, against \$1,6643. The dollar was fixed in Frank-

1.8025 at Friday's fixing, and in Paris at 5.9395 French francs, down from 6.0130.

furt at 1.7740 DM, down from

A newspaper seller putting up a poster in London, where stock prices suffered a record one-day fall on Monday.

### ASSESS: Comparisons With 1929

(Continued from Page 1) securities that suddenly look mex-

He said a temporary closure of the markets to allow them to cool off would be an unwelcome solution, although some traders said they believed it would be helpful. In Washington, the chairman of the Securities and Exchange Commission. David Ruder, said that a

brief trading balt had been discussed, but rejected, on Monday, Monday's action was largely confined to stock markets.

The price of gold was up a sharp \$20 an ounce but closed in London

price of oil also spurted, up about 40 cents a barrel, before retreating to a small 2 cent gain.

Analysts said the focus of activi-

ty on the stock markets reflected the high proportion of individual investors present there as compared with institutional investors in bond or foreign-exchange markets. The share selling by individuals meant that institutional investors could not ignore the market

reinforced the decline. In Tokyo, bankers noted that it is easier for Japanese institutions to speculate in the stock market than in the foreign-exchange market, It closed in Zurich at 1.4760, at \$482.50, a gain of about \$10 where daily positions must still be gainst 1.4955. (Reuers, UPI) from Friday's New York close. The reported to the Bank of Japan.

# **Monday's**

Via The Associated Press

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## **Soviet Output Slowed and Trade** Fell in 9 Months

MOSCOW — The Soviet Union's industrial output is growing at a slower pace in 1987 than in 1986 and foreign trade has fallen, according to government statistics published Monday.

The figures, which appeared in Pravda, show that industrial production rose 3.6 percent in the first nine months of 1987 compared with the present of the production was \$2.2.

year-earlier period. Year-to-year growth was 5.2 percent for the first nine months of 1986.

Foreign trade in the 1987 period fell 3.6 percent as exports fell by 0.5 percent and imports dropped by 4.2 percent.

Foreign trade in the nine months totaled 94.2 billion rubles (\$149 billion at official rates). Separate import and export figures were not given.

Separate import and export righters were not given.

One factor affecting industrial growth was the introduction of a new quality-control plan. Western economists said. Last year's calculations of industrial output included all goods, irrespective of quality.

Under the new plan, introduced in line with Mikhail S. Gorbachev's drive to modernize the economy, special inspectors have the right to reject goods they consider below standard.

The figures showed that on Oct. 1, there were more than 8,000 cooperative enterprises em-

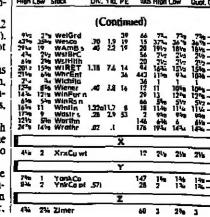
more than 8,000 cooperative enterprises em-ploying more than 80,000 people. More than 200,000 were employed in the private sector,

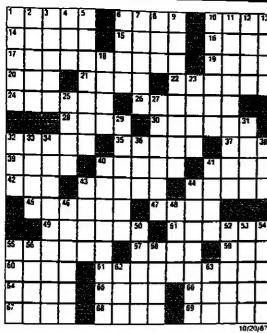
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JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee

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WHAT DOES THE A-RAY OF MY HEAD SHOW?

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(Answers tomorrow)

#### **PEANUTS** BORROWED YOUR IT FELL OFF THE CURB. MY LUNCH BOX! AND THE SCHOOL BUS LUNCH BOX THIS MORNING IT'S RUINED!! BIG BRUTHER. RAN OVER IT ...





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**BOOKS** 

I PLEDGE ALLEGIANCE . . . The True Story of the Walkers: An American Spy Family

By Howard Blum. Illustrated. 438 pages. \$18.95. Simon & Schuster, 1230 Avenue of the Americas, New York, N. Y. 10020. Reviewed by

Christopher Lehmann-Haupt

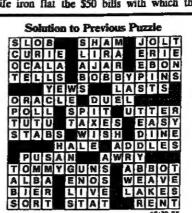
THE life of spies is to know, not to be known, wrote George Herbert, the 17th-century English poet. Howard Blum. an investigative reporter, convinces us otherwise in his unusual nonfiction espionage thriller, "I Pledge Allegiance . .

Building carefully from interviews, trial transcripts and government records, and writing in the various narrative idioms of his witnesses, Blum has made an almost novelistic drama of John A. Walker Jr.'s decision to sell military secrets to the Soviet Union.

Even though handicapped by never having met or interviewed Walker, the author makes us feel we are present as the navy communications expert first approaches the Soviet Embas-sy in Washington, then cunningly seduces a friend and certain family members into joining his enterprise and finally, after more than 17

years of profitable espionage, steps into the FBI trap that brings his career to an end.

There are acutely telling details. So meticulous was John Walker that he would make his wife iron flat the \$50 bills with which the



Russians paid him (530 this were not builty) \$100s too easy to trace) and the FSI notice them for their tendency to carl from being

wound in tightly banded rolls. We glimpse the many sides of Action alice - the clown, the braggart, the fantasis; and compulsive har, the good-natured loker who kept his men's morale up during long submarine voyages and the ill-tempered only with beat his wife and children.

It has been observed elsewhere that the Walker family represents a new kind of Arses can traitor - one not encumbered by ideological commitment or loyalty to a foreign power but rather one simply is the game to make buck. But Blum persuades us that there was more to John Walker than the mercenary Certainly he was driven at first by financial pressure: He got himself into terrible debt.and

But once started, he discovered there were other benefits besides money. He liked the playing of the game itself, the thrill of taking he found a way out. risks and being afraid of getting caught. He liked the sense of worth it gave him. He liked the feeling that he was a secret celebrity. One of the most telling details in Blum's book is revealed when Walker becomes a private detective after retiring from the navy and is asked to phone to investigate a former friend who has risen to a position of leadership in the Ku Klus

When he got that strange call asking him to investigate. "it just reaffirmed to Johnny how far his old buddy had come up in the world," By such perverted standards, Walker's such cess never does come to an end. In the final pages, we find him trying to put together a 33 million movie and book package for his family that would be, in Blum's words, "a lot sweeter than the last deal he had cut five times the would be, if successful, "about five times the entire sum the ring had earned from the Rus-

sians. A lot of people though: the KGB had made out like bandits."

Blum does not disclose whether such a deal was ever consummated, though he does refer in his acknowledgments to a man "who is writing the teleplay on the Walker family for CBS." One trusts the Walkers will not profit from this. If they do, maybe we as their victims should receive some small share.

Christopher Lehmann-Haupt is on the staff of The New York Times.

## CHESS

By Robert Byrne

THE games of yesteryear are primarily useful for inspiration and not absolute truth. Nevertheless, one must beware of rushing to fault the thinking of the titans of the game. Recently, in a game be-tween Jan Timman, the leading Dutch grandmaster and Boris Gulko, a Russian emigré grandmaster who now lives in the United States, there was esented a stern challenge to a

half-century-old concept of at-tack of Alekhine. In the play, which took place in the O.H.R.A. International Tournament in Amsterdam, Timman succeeded, but one may well wonder whether Alekhine might not have turned in his grave. Before this game, Gulko had been doing well with the ancient Classical Defense to the Ruy Lopez. For example, his game with Robert Huebner in the Biel International Tour-

This time, Gulko met White's attempt to overwhelm Black in the center with 5 NzP by 5. . NxN: 6 P-Q4, P-QR3; 7 B-R4, NzP. This 6. . P-QR3 finesse, slightly misplacing the White KB, stems from Van Scheltinga. One point is that after 8 Q-K2, B-K2!?, Black can answer 9 PzN by 9. . N-B4 followed by exchanging the

white bishop. The chief danger to the system is just what Timman played — 9 QxN, N-N3: 10 P-KB4, O-O; 11 P-B5. P-Q4; 12 Q-Q3, when 12. . . N-R1 would give Black a miserable position.

However, the true point of Black's play is a deliberate sac-rifice for attack with 12. . N-R5!?, originated by Alekhine against a consultation team in an exhibition in Philadelphia in 1924. The consultants declined the gain of material in favor of 13 B-K3 but immediately ran into trouble from 13. . . B-N4!

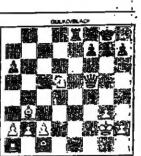
17 QxB, seizing two pieces for rook-and-pawn and daring Gulko to uphold Alekhine's judgement that Black's attack cannot be supressed.

P-KN3, P-B4; 14 PxP, BxPch;

15 K-R1, NxP; 16 RxN, BxR;

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mafter 21 . . . QR-KI

23 N-R4 (23 B-KB4 does not into trouble from 13. . B-N4! work: 23. . QxR; 24 BxR.
On the other hand, Timman PxN; 25 Q-N4, P-N3; 26 Q-tried to fault Alekhine with 13 KB4. Q-N8ch; 27 K-R3. Q-B7 wins for Black), R-K7ch: 24 K-R3. B-N8; 25 P-N3, RxPch/ 26 K-N4, Q-K4 wins for Black. However, Gulko used! wrong order of moves, 20, 22. N57; 21 NxP, QR-K1, and was

destroyed by Timman's 22 B-

nament in Switzerland went

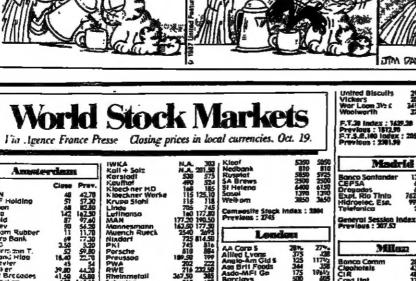
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**►**C. 25

## **SPORTS**



Randy Bush gave the Twins a 5-0 lead with a fourth-inning slide that beat the sweeping tag of Cardinal catcher Tony Pena.

## Fabled Minnesota: Well, It Ain't Necessarily So

By George Vecsey
New York Times Service MINNEAPOLIS - The first thing you notice, upon stepping out of the hotel, are the children. Tykes in strollers, toddlers holding onto parents' hands, teen-

agers looking in store windows. For a New Yorker, the sight of children downtown is even more shocking than the noise and the fluttering white hankies of the Metrodome, where Ians celebrated the Twins' 10-1 and 8-4 week-

Where did Minnesota find all these children? In midtown Manhattan, children are occasionally spotted walking warily to school or meeting their fathers for the weekly Sunday brunch.

\_ In downtown Minneapolis on Saturday, it was like a suburban mall with skyscrapers, Lake Wobegon with blond punk haircuts, Little House on the Prairie with Vietnamese restaurants, Mary Ty-ler Moore tossing a baseball cap in

Is there some huge population bubble taking place out here that the census bureau hasn't yet tracked down? Is this a city withour Yuppies, without the double-income-no-kids syndrome? Can people afford children here? Are

three bedrooms near downtown?

Maybe some of the families were visiting for the University of Minnesota football game on Fri-day night, maybe others were visiting from St. Louis or other distant mitory just for the World Series.

But many people along the bustling Nicollet Mall were obviously locals, doing what they do on autumn Saturdays, and the teen-agers heading toward the re-cord shops and fast-food stands of seedy Hennepin Avenue seemed to know the way by heart.

Even that not totally benign strip of Minneapolis was co-opt-ed on Saturday by pep rallies and bands and cheerleaders, all celebrating the ubiquitous white hankies, symbol of the Minnesota Twins' renaissance.

This World Series is going to expose a little secret - what a pleasant place this is, without even a glimpse of the lakes a few minutes from downtown. Letting in all these bicoastal types is go-ing to destroy the blessed ano-

nymity of the upper Midwest.
This World Series is also going to damage the stereotype of the impassive Minnesotan, muttering "not so bad" upon marrying a childhood sweetheart or inherit-These people can make noise Series later this week.

with the best of them, indoors or outdoors. In the first World Series game in Minnesota in 22 years, the fans were recorded at 118 decibels for Dan Gladden's Game I grand-slam homer, just short of the sound of a jet plane leaving the ground, according to a sound me-ter supplied by the Minnesota Pol-

lution Control Agency. Saturday's crowd also chipped in with 117 decibels for Gladden's run-scoring double, 114 decibels for the final out, 111 decibels for the national anthem and 107 for the pregame introduction.

Then there was the horn-honking after the game. After listening to Garrison Keillor on Prairie Home Companion for all those memorable Saturday evenings, one would have expected all good Minnesotans to rush home so they could go duck hunting or go to church, the state's two major Sunday morning activities.

Instead, the fans took to their cars and coursed through downtown for hours after the game.

The fans didn't do any damage. Nobody cursed or tossed beer bottles or set fire to other cars, so you could not truthfully say it was a real urban American baseball celebration, but maybe that will come if the Twins clinch the

In the first indoor World Series game, the Twins and their fans did impress upon the visiting Cardinals that the Metrodome is an important weapon for the team with the extra home game.

"In St. Louis, we like to think of our fans as the 10th man," said Tom Lawless, the pleasant Cardi-nal utility man. "Obviously, that's what the crowd is for them here too," Some of the Cardinals tried to downplay the importance of the noise and the hankies. Joe Ma-grane, the well-spoken young pitcher, worked with earplugs, but later said the noise had nothing to do with the five runs he gave you do with the five runs he gave up. Lawless, who was pressed into starting because of Terry Pendleton's injury, said that crowds in

Houston's Astrodome are smaller and less enthusiastic, and that the noise escapes through the roof in Montreal. The white ceiling with its circular holes was also an obstacle, and Tommy Herr, the second baseman, said the artificial turf was a different texture from the Busch Stadium turf in St. But the main difference was

the jet-plane noise.

Maybe Keillor was making it all up about stolid Minnesotans.

Is it another fable that it snows a

## Twins Deck Cards, 8-4, for 2-0 Lead

By Michael Martinez

New York Times Service

MINNEAPOLIS — The Minnesota Twins, who burst from the gate in Saturday's World Series opener, had plenty left Sunday night. They scored six runs in the fourth inning, got home runs from Gary Gaetti and Tim Landner and heard the familiar strains of a screaming sellout contraction of their ways to an \$4 victory over the \$1. crowd on their way to an 8-4 victory over the St. Louis Cardinals and a two-game Series lead.

The Twins, who have won all four of their postseason games at the Metrodome, where a record 55.257 were in attendance Sunday, now will join the Cardinals in St. Louis for the third, fourth and, if necessary, fifth games.

Game 2's resounding victory was a mirror of the 10-1 triumph on Saturday, when Minnesota scored the bulk of its runs in the fourth. The Twins got six in that inning Sunday off Danny Cox, the St. Louis starter, with Randy Bush and Laudner driving in two apiece.

In two games, the Twins have outscored the Cardinals, 18-5, and have outlit them, 21-14. They also became the first team ever to score at least five runs in seven consecutive postseason

games in the same year.

Their lead was 7-0 by the time St. Louis scored its first run. Bert Blyleven went the first seven innings and surrendered two harmless runs before Juan Rerenguer gave up two more and yielded to Jeff Reardon, who pitched a scoreless ninth; Reardon was in the game mainly because he needed the work.

Sunday night's pitching matchup was a first for the World Series, opposing two Europeanborn pitchers — Blyleven was born in the Netherlands and Cox in England. But only one of them, right-hander Blyleven, remained there beyond the fourth beyond the fourth

Cox, like Joe Magrane a night earlier, was knocked out of the game by a Minnesota rush. This time, the Twins turned a 1-0 lead into a 7-0

was Gaetti's third hit in two Series games and his third home run in the postseason.

But the fourth inning must have looked like a television rerun to the St. Louis manager, Whitey Herzog. In Game 1, the Twins exploded for seven runs, sending 11 batters to the plate; Sunday night, same inning, same number of batters, six runs.

It was pretty much over by that point. Even Herzog had conceded after the first game that

#### WORLD SERIES: GAME 2

his team was done with the score at 7-1. Now, in Game 2, he was facing an even greater deficit.
This time there was no grand-slam homer by
Dan Gladden — only six hits, two walks and a wild pitch.
Minnesota loaded the bases with one out.

Kirby Puckett and Kent Hrbek each lined singles to right before Cox, with Gaetti at the plate, unleashed a delivery in the dirt on a 2-0 count. The runners moved to second and third on the wild pitch, and Gaetti drew a four-pitch walk before Randy Bush, making his first start in a Series, slashed a double to the wall in right after falling behind in the count, 0-2.
Puckett and Hrbek scored for a 3-0 lead, and

With first base open, Cox intentionally walked Tom Brunansky to get to Steve Lombardozzi, the weak-hitting second baseman, and set up a possible double play. But instead of a ground ball, Lombardozzi lofted a fly ball to left that was too shallow to tempt Gaetti.

Tim Laudner, the catcher who calls himself Buck-Ninety for his regular-season average (ac-tually, he hit .191), delivered two more runs with a bouncer through the left side of the infield. Gaetti came in, and so did Bush —

Football

Gary Gaetti had put the Twins ahead in the second with a line-drive, 397-foot (121.28-meter) homer off Cox into the left-field seats. It ahead of the tag by catcher Tony Pena. A single by Gladden drove in Brunansky and knocked out Cox. Then Greg Gagne's bloop double to right, off Lee Tunnell added another run to make it 7-0.

In the sixth, Laudner cracked a homer to dead center off Tunnell, a 420-foot shot that made it 8-1.

Without the injured Jack Clark to help erase big deficits with one swing of the bat, St. Louis was in an obvious hole. The lineup Herzog put on the field Sunday night totaled 38 home runs during the regular season, four more than Hrbek hit by himself.

Blyleven seemed to have the Cardinals off balance for most of the night. Vince Coleman looked at three pitches and struck out to begin the game, and it didn't get much better from there. Blyleven struck out Dan Driessen to close the first, José Oquendo to end the second and Pena to open the third.

He set down 12 of the first 14 batters he faced before Terry Pendleton led off the fifth with a single and eventually came around to score.

Pendleton was reduced to being the Cards' muscle in his rib cage. He grounded out his first time at bat, then got to Blyleven and moved to second base on a walk to Curt Ford. Two groundouts later, he was home with the visitors' first run. But Blyleven struck out Coleman to end the fifth and put down Ozzie Smith, Tom Herr and Driessen routinely in the sixth.

St. Louis got a run in the seventh on successive singles to center by Ford, Oquendo and Pena, but potential trouble was averted when Puckett threw out Oquendo trying to advance from first to third on Pena's hir. The Cardinals scored two consolation runs off Juan Berenguer

#### SCOREBOARD

Baseball

# Selected U.S. College Conference Standings World Series wome-witning RB1--Gorill (1), Florida (D=3), Louis 3, Mirnesors 3, 28-Bust. Gasne, Orletzen, Smolley, NR.-Gorill (1), Laudner (1), SB--Celemon (1), Tennessee Kentucky (NL); First Gree Kasc (AL); Second, John McSherry Missission (NL); Third, Ken Kalser (AL); Left, Terry Vanderbill (NL); Right, Dave Phillips (AL). 21.0.196 44 5 2 0 210 120 1 1 7 40 77 4 1 1 190 108 1 1 0 44 40 4 2 0 165 74 0 2 0 13 76 3 3 0 81 116

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NFL Standings

## Replacements Get Lesson From Returning Strikers

iliy. There's a big difference be-tween real National Football League players and their stand-ins. Joe Montana and Steve Largent, blus such backup quarterbacks as Gary Danielson, Jeff Kemp, Pat

#### PRO FOOTBALL

Ryan and even Dong Flutic spent digir first week back taking advanlage of playing against the second-iners.
"But even the presence of Law-iners.

New York Giants' fifth straight loss, 6-3 in overtime to Buffalo in a pame marked by 258 yards in pen-lities, five missed field goals and ome turnovers.

...It marked the worst-ever start -ibeit one requiring an asterisk — for a defending Super Bowl cham-

For some, the heroics were al-Bust embarrassing, particularly Largent, who almost surely would have set a record for catches in a gime had he not left Scattle's 37-14 hictory over Detroit with 9:26 left a the third quarter.

Largent, who crossed the picket ine last week, pulled in 15 passes and extended his NFL record of insecutive games with a reception The one-game record for recep-

tiens, 18, was set by Los Angeles Rim Tom Fears in 1950. "I don't take any personal joy in his at all," said Danielson, who

ampleted 25 of 31 for 281 yards and four touchdown as the Browns and nine regulars and routed Cinanati's replacements, 34-0.

That shows what happens when to get professional football playas involved in these kind of games the cream always rises to the op," said Ken O'Brien, the regular Marterback after Ryan, his backip, led the New York Jets to a 37-H overtime decision over Miami.

The one notable exception on the bird and final week of strike foothell was Erik Kramer, Atlanta's aplacement quarterback, who led he Falcons back from a 17-0 defi-# to a 24-20 victory over the Los ingeles Rams - who had 11 veter-

Nose veterans who reported began and managed to juggle more weednesday toyed with teams time off when the it continued. vhose veterans came back when He for Sunday's games.

Moutana, one of 17 regular San too," he said rancisco 49ers on the field, was "Td like to and Ron Heller, gave San Francis-ment players after a 23-17 victory o a 34-28 victory over St. Louis, over the Los Angeles Raiders. mich had 21 players back from the

lew England by Chicago last said.

Compiled by Ow Stuff From Disputches

NEW YORK. — The strike reby going 15-of-25 for 199 yards and a touchdown and by scrambling six times for 43 yards. And the Jets' Ryan was 30-of-49 for 301 yards and four touchdowns,

including the game-winner in over-Atlanta's Kramer, a rookie from

North Carolina State, wasn't the only replacement player to get a thrill from what may be his last NFL game. John Chirico, a reserve fullback

on the Jet replacement squad, was part of a winner for the first time in his last 36 games. Chirico played college ball at Columbia, which lost 33 in a row

during his time there, and the Jets' ements were 0-2 before Sunday's victory.

There was no rush back by the fans. Sunday's average attendance was about 26,500 — 38 percent of

For the most part, replacement players were realistic about their bit-part roles. Quarterback Steve Bono helped Pittsburgh win, but his mood was anything but victori-

in the apprehensive about what's going to happen," Bono said after throwing two TD passes to lead the Steelers past Indianapolis. "It's a little subdued in here and I guess it is all around the league."

Bono, a replacement player, probably became expendable when the regulars ended their strike last week and made plans to return to work on Monday.
"Nobody really knows what their future holds," he said. "I'd

like to start next Sunday [against Cincinnati], but I don't even know if I'll be on the roster."

Some replacement players held

out hope of hanging on in the NFL when the league decided to expand rosters to 85 players from the usual limit of 45. The expansion in part is de-

signed to protect teams from a sudden walkout by the regulars next

But most weren't expecting

Detroit linebacker Tim Ross said he'll return to his job as an emer-gency medical technician with the Toledo, Ohio, fire department. He But the rule was mismatches, as was on vacation when the strike

"Tve enjoyed it," he said of his he strike ended too late to be eligitenure with the Lions. "But I knew I had something to do at home, "I'd like to take all these guys

4-of-39 for 334 yards and four home with me," said San Diego ouchdowns. One TD pass, to tight Coach Al Saunders of his replace-

trike. "We will play with the best 45. Flutie, who had been traded to players available to us," Saunders lew England by Chicago last said. (AP, UPI)



Running back Joe Dudek eluded Kansus City finebacker Winford Hood (92) to gain six yards in Denver's 26-17 victory.

## SPORTS BRIEFS

#### Woosnam Takes Match-Play Tourney

WENTWORTH, England (UPI) — Weishman Ian Woosnam defeated Sandy Lyle of Scotland to win the world match-play golf tournament on the last green of Monday's 36-hole final. The tournament was delayed a day by the hurricane that hit southern England on Friday.

Woosnam, who had beaten American Sam Randolph, Nick Faldo of England and Spaniard Sevenano Ballesteros in the competition, won with a six-foot (1.82-meter) par putt. In the playoff for third place Ballesteros, four down with six to play, squared the match with four birdies before downing South African Mark McNulty on the second extra

#### Mansell Winner of Mexican Grand Prix

MEXICO CTTY (UPI) — Briton Nigel Mansell won Sunday's Mexican Grand Prix, beating Nelson Piquet of Brazil by 26 seconds. With a time of 1:26:24.21, Mansell won his sixth race of the Formula One season; in second place with 61 points, he is eight behind Piquet, his Williams-Honda teammate. Two races remain - in Japan Nov. 1 and Australia

Mansell battled Piquet through the second half of the race, slipping to second briefly on the 48th lap. Piquet had rallied after the first lap, when he brushed Alain Prost and knocked the Frenchman out of the race. Italian Riccardo Patrese was third in a Brabham, while American Eddy Cheever finished fourth in an Arrows.

#### Ouotable

 Sugar Ray Leonard, saying that as a manager he will spar with his fighters: "There's nothing like a stiff punch to make you listen." (AP)
 Former New York Ranger Rod Gilbert, on whether hockey fights are laked: "If they were, you would have seen me in more of them." (LAT)

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SCHEDULE

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WORLD MATCH-PLAY CHAMPIONSHI

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Mike Rait, \$21,700
David Free, \$21,700
Mac O'Grady, \$21,000
Mick Price, \$18,000
Dam Shirey Jr. \$15,000
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## ART BUCHWALD

## **Unfinished Reading**

WASHINGTON — There is bedside called 'Presumed Inno-good news from the recent cent. Suppose at some future time Frankfurt Book Fair in Germany. I finish it? Can I get any more The scorekeeping for book reading points?" has been revised. The International "Yes. Book Readers Association has decided that you no longer have to

to get credit for it.

Grant Fingerlift, who heads the of the IBRA. told me that book customers can now be give reading as little as half a book as half a book. He said. "We discovered while more books were being sold.

Buchwald people were reading less. The book consumer was demanding points for books he didn't finish. So we had to bow to the pressure. In the future anyone who reads 200 pages, fiction or nonfiction, may announce at any occasion that he has read the

"Everyone in the United States stands to gain by the rule." I said.
"There are a few regulations. For example, the half-book must remain at your bedside for at least a month and a marker must be placed in it where you left off reading. You win a five-point bonus if it gathers dust.

"I have a half-read book by my

#### Guinness Record Book Sets Record of a Sort

The Associated Press LONDON - The Guinness Book of Records published its latest edition Monday and set a record of its own — in the field of publicity stunts. The editors unveiled the new volume at London's Covent Garden plaza with an 11foot-tall, 10-foot-wide (335-by-304-centimeter) copy of the book. which they claim is the world's biggest volume.

The Guinness Book of Records previously listed the largest volume as the Super Book, published in Denver, Colorado, in 1976 and measuring 9 feet by 10 feet 21/2 inches. The 1988 edition has 320 pages and measures a routine 814

"Yes, but it's rare that someone read a book from beginning to end has been only half-read eventually takes on an odor."

"Does that present a problem for

you?" I asked Fingerlift. He said, "'Presumed Innocent' is one of the most talked-about books of the year. People all over the country claimed to have read it. But we don't know who has and who hasn't. That's why we're beefing up our investigative staff, so we can get at the truth."
"Will you accept as proof that someone has read the entire book if

he or she can tell you the ending? "No, because many readers are starting to read books from the back, as a way of pretending they've read the book. We feel this is very bad sport, and we intend to find anyone who does it."
"Bob Woodward has written a

book about Bill Casey. I never made it to the halfway mark. Can I get a score for that?" We'll give you nine points for

reading 200 pages, and another five points if you believe them."

"Why did the IBRA go to so much trouble to change its scor-Our only object is to encourage

book buying. One of the things our research has shown us is that many people hesitate to buy books because they are afraid they will have to read them. Now we've ruled that just because you've purchased a open it. We feel this will make the book business much more appeal-

ing."
"I wish you had had these rules when Pat Robertson's book came out. It's still sitting on my TV set and God knows when I'll get to it." "There are some books that do better sitting on a TV set." "One more thing," I said. "Is the scoring retroactive?"

"Not necessarily. Our new scoring system is for those who are trying to keep up with other peo-ple's reading habits and don't have time to read every book. As long as

they have good faith, we'll give

them any score they want."

The Editor of Egoiste, the Annual Monthly By Joseph Fitchett International Herald Tribune to see if a listener can keep up. Changes of subject are punctuat-ed by tossing her mane of red

PARIS — Literati and glitterati are coaxed into revealing poses in its outsize pages of coal-black and starchy white photo- its motto is "an egoist is somegraphs. The current cover is a one who is not thinking about previously unpublished portrait me"—the magazine reflects Wis-of the late Andy Warhol baring niak's passion for perfection. "I his scarred-and-stitched torso to have two weeks happiness a year, Richard Avedon and staring prowhen an issue comes out. The rest Richard Avedon and staring pro-vocatively into the lens. Some in-terviews amount to small social and intellectual scoops: Liliane Bettencourt, 64, press-shy heiress of the L'Oreal cosmetics empire and never leave the house.

woman is rich she must be stupid. E.M. Cioran, the ascetic philoso-

pher of pessimism, contributed an

features.
Acutely fashion-conscious, yet

with an unmistakable, diamond-

hard taste of its own, Egoiste is

only predictable in approaching

subjects from unexpected angles. Helmut Newton turns his sado-

masochistic lens on himself with

his doctor. Françoise Sagan, pro-filing Federico Fellini, finds on

acquaintance that he is an old-fashioned gentleman. Bernard Frank, one of France's most tal-

ented and least prolific novelists, modestly rewrites "Madame Bo-

Long regarded as little more

for its cocktail of froth and sub-

stance. Even critics of its spob-

appeal acknowledge that it show-

appearance in Paris kiosks a de-

cade ago this month. It was de-

scribed as a monthly, but only if

issues have come out in 10 years.

issue, says its owner-publisher-

editor, Nicole Wisniak. After 10

ing we will reappear next year."

She talks in soft-spoken, nasal

vary" to improve the ending.

and the richest woman in France.

discloses her irritation at how many people assume that if a and interviews, including some to herself; arranges for photographers: does layouts; oversees production. She even designs many astringent mini-essay on the vani-ty of human endeavor — then sat for Avedon to immortalize his archly parody conventional publicity: For a bank, an elegant woman lights her cigar with a cheque. An Air France Concorde waits while three tortoises cross the runway. Many fashion-house ads show no clothes, only beautiful women waiting to be clothed.

She does get a little help from her friends. Some are famous, like Sagan and Newton, who gave her material free when the magazine was starting. Famous photogra-phers still give her their work, which she could never afford oth-

Other friends are Wisniak's age

(she's 35) and making names for than a coterie magazine for the fashion-world. Egoiste is starting nselves. She went to school with Bettina Rheims, whose fato gain an international audience ther Maurice is a prominent Paris auctioneer and art expert. He gave Wisniak her first job, helping sort out the thousands of works in cases contemporary photography. the Picasso inheritance. Friends Instantly recognizable because recall her then as a plump frazof its format — unbound poster-size pages — Egoiste made its zled-looking young woman, but with a circle of talented friends attracted by her rapier wit and knack for kindness. Most regularly play roles in the magazine, inciuding Inès de la Fressange, to-day Chanel's top model; François-Marie Banier, who, like "It takes me a year to produce an Bettina Rheims, has become a years, she says, "people have successful photographer and re-stopped assuming that we die af-ter every issue and started assum-novel; and Gerard-Julien Salvy, cently published a much-praised who conceived Egoiste with Wisniak, then left to publish his own bursts, with frequent side-glances highbrow review.



Editor Wisniak in Egoiste office between portraits of Francis Bacon by Avedon and Ava Gardner by Newton.

Egoiste on her bed in the home of her parents, immigrants from Po-land. Today, with all the polish of her fashionable friends, she operates from an Art Nouveau townhouse in Montparnasse. It is also home, which she shares with her husband, Philippe Grumbach, and their baby daughter, Judith, Grumbach, former editor of the L'Express newsmagazine, is a senior executive at the Figaro news-

Egoiste remains totally identified with Wisniak, who gets exceptional cooperation because of her visible passion for the maga-zine and for printing photographs so perfectly — the way a postwar luxury magazine such as Verve handled lithographs. "Some pages of Egoiste are re-engraved

eight or nine times, to get the contrasts right," she said, adding: "Photographers appreciate that." She also has a conspicuous tal-

ent for being aggressively charm-

Wisniak laid out the first ing and coaxing people into doing what she wants, "I worked on Avedon for three years to get him to photograph Cioran, but I worked on Cioran for six years to get him to agree to be photo-graphed by Avedon," Wisniak ex-plains. She admires Avedon as "the most modern photographer. because his work moved from fashion, to almost sociological reporting, to the tough-eyed vision that comes from deep humanity."

Her flair got her the job of European editor of Vanity Fair for two years, until the editor Tina Brown turned down a profile which Wisniak had arranged for Sagan to write about Cather-ine Deneuve. "In New York day complained that the piece didn't have names and details about her love life." Wisniak moulls Vanion love life," Wisniak recalls. Vanity Fair offered Sagan a \$1,000 kill fee, Sagan told Wisniak they could give the money to "an institute for the development of intelligence" and Wisniak mit.

"Having a magazine of your own spoils you for working for anyone else's," she contends. Wis-niak values above all in her own magazine her "complete indepen-dence, despite working with heavyweight advertisers and contributors, no one interferes with my original ideas."

Her worst early idea was the concept of having celebrities in-terview other celebrities. "I thought it would put people at ease, bring out surprising conver-sation, but in practice stars often are only capable of mutual admi-ration in public," Wisniak says.

Another early problem was learning to say no. "I was too embarrassed to turn down anything no matter how had it nurned out, because people were working for free," Wisniak recalls. Her attitude changed after ber marriage to Grumbach six years ago. "He taught me that my only responsibility was to give readers the best product possi-

Other celebrity friends made unexpectedly valuable contribu-tions. Egoiste's fortunes leapt up in 1984 when Ava Gardner, in a rare interview, told the magazine that she'd never liked working in motion pictures. "Princess Caro-line, even though she was preg-nant, went after her for us, and Gardner wouldn't turn down the daughter of an old friend." Wisniak put a Newton portrait of the actress on the cover, and Egoiste started getting better display in

The magazine that today makes a profit — the current 156-page issue will sell 45,000 copies at 100 French francs (about \$16) - was started with 3,000 francs' capital. Part of the first printing bill was paid by her mother, but secretly, because her father "felt I was squandering the kind of right-minded education they had given me, the careful preparation that Jewish immigrants hope will en-able their children to do well." Wisniak recalls. In bringing up her own child, she says, she hopes to instill "the idea that things don't necessarily go wrong, you can succeed without running into a war, or anti-Semitism, or an

**PEOPLE** 

Elizabeth Taylor Reverses Her Weight Loss for Films

Elizabeth Taylor and her 59 suitcases have arrived in Bari, Italy, to begin shooting Franco Zeffireffis.
"The Young Toscanini" and to starin what the Italian media have dubbed a "gastronomic performance." In the film about the early years of the Italian conductor Arturo Toscanini, Taylor, 55, plays a Russian-born soprano whose de-clining voice blossoms in the ritle role of Verdi's Aida, under the spell of a love affair with the 19-year-old Toscanini, played by 22-year-old Thomas Howell. According to news reports, Zeffirelli asked the actress to gain four kilograms (almost nine pounds) for the film. On Saturday, Taylor, who last year shed 60 pounds, reportedly dined on prosciutto, fettnecine with wild mushrooms, a lobster rice dish and spaghetti with sauce, followed up with a Sunday lunch of pasta with turnips, mashed beans and chicory, artichoke parmigiana, followed by, fish, baby shrimp and other local-

The Polish composer Krzysztof Penderecki is writing the music for "Dreyfus," an opera based on the case of Captain Alfred Dreyfus; whose conviction for high treason and eventual rehabilitation in 1894 caused a national crisis in which anti-Semitism played a major role, George Whyte, a Hungarian-both British citizen, has written the li-bretto, and Götz Friedrich, director of the Deutsche Oper in West Berlin will stage the work there, probably in early 1990. . . An opera about Ernest Hemingway written by the Soviet Armenian composer Yuri Kasarian has opened the first Havana International Festival of Lyric Art. The composer said the American writer inspired him be-cause his "life and literary work demonstrated that the love for humanity is expressed not only with words but giving all of oneself."

Jerome Henry Rudes, director of the French-American Film Workshop, was awarded the 30,000franc (\$5,000) Prix de la Meilleure Initiative Franco-Américaine on Monday by French Cultural Minister François Léotard. The workshop has organized the Rencontres Cinematographiques in Avignon for the last four years, and is planning a similar event next month in New York.

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